

Cryoport, Inc.  
Form S-1/A  
December 28, 2010

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**As filed with the Securities and Exchange Commission on December 28, 2010**  
**Registration Number 333-170027**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**Amendment No. 2 to**  
**Form S-1/A**  
**REGISTRATION STATEMENT**  
**UNDER**  
**THE SECURITIES ACT OF 1933**  
**CRYOPORT, INC.**  
*(Exact Name of Registrant as Specified in its Charter)*

<b>Nevada</b> <i>(State or Other Jurisdiction of Incorporation or Organization)</i>	<b>3086</b> <i>(Primary Standard Industrial Classification Code Number)</i>	<b>88-0313393</b> <i>(I.R.S. Employer Identification No.)</i>
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**20382 Barents Sea Circle**  
**Lake Forest, California 92630**  
*(Address, Including Zip Code, and Telephone Number,  
Including Area Code, of Principal Executive Offices)*

**Larry G. Stambaugh**  
**Chief Executive Officer**  
**20382 Barents Sea Circle**  
**Lake Forest, California 92630**  
**(949) 470-2300**  
*(Name, Address, Including Zip Code, and Telephone Number,  
Including Area Code, of Agent For Service)*

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**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering.

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer       Accelerated filer       Non-accelerated filer       Smaller reporting company

(Do not check if a smaller reporting company)

**The Registrant hereby amends this Registration Statement on such date or date(s) as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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The information in this prospectus is not complete and may be changed. The securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

**SUBJECT TO COMPLETION DECEMBER 28, 2010**  
**PRELIMINARY PROSPECTUS**  
**CRYOPORT, INC.**  
**12,287,711 shares of Common Stock**

This prospectus relates to the offer for sale by the existing holders of our common stock named in this prospectus of 5,532,418 shares of our common stock, par value \$0.001 per share, currently outstanding and up to an additional 6,755,293 shares of our common stock issuable upon exercise of the warrants held by the selling security holders. These existing holders of our common stock are referred to as selling security holders throughout this prospectus.

All of the shares of common stock offered by this prospectus are being sold by the selling security holders. It is anticipated that the selling security holders will sell these shares of common stock from time to time in one or more transactions, in negotiated transactions or otherwise, at prevailing market prices or at prices otherwise negotiated. We will not receive any proceeds from the sales of shares of common stock by the selling security holders. We have agreed to pay all fees and expenses incurred by us incident to the registration of our common stock, including SEC filing fees. Each selling security holder will be responsible for all costs and expenses in connection with the sale of their shares of common stock, including brokerage commissions or dealer discounts.

Our common stock is currently traded on the Over-The-Counter Bulletin Board, commonly known as the OTC Bulletin Board ( OTCBB ), under the symbol CYRX. As of December 23, 2010, the closing sale price of our common stock was \$0.55 per share.

**Investing in our common stock involves a high degree of risk. Please read Risk Factors beginning on page 5.**

**Neither the Securities and Exchange Commission (the SEC ) nor any state securities commission has approved or disapproved these securities or determined whether this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The date of this prospectus is \_\_\_\_\_.

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You may only rely on the information contained in this prospectus or that we have referred you to. We have not authorized anyone to provide you with different information. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the common stock and warrants offered by this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any common stock or warrants in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this prospectus nor any sale made in connection with this prospectus shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information incorporated by reference to this prospectus is correct as of any time after its date.

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**PROSPECTUS SUMMARY**

*This summary highlights information contained elsewhere in this prospectus and does not contain all of the information you should consider before investing in our common stock and warrants. You should read this entire prospectus carefully, especially the risks of investing in our common stock and warrants discussed under Risk Factors beginning on page 5, and the consolidated financial statements and notes to those consolidated financial statements, before making an investment decision. CryoPort, Inc. is referred to throughout this prospectus as CryoPort, we or us.*

**Overview**

We are a provider of an innovative cold chain frozen shipping system dedicated to providing superior, affordable cryogenic shipping solutions that ensure the safety, status and temperature, of high value, temperature sensitive materials. We have developed cost effective reusable cryogenic transport containers (referred to as shippers ) capable of transporting biological, environmental and other temperature sensitive materials at temperatures below minus 150° Celsius. These dry vapor shippers and shipping system are one of the first significant alternatives to dry ice shipping and achieve 10-plus day holding times compared to one to two day holding times with dry ice.

Our value proposition comes from both providing safe transportation with an environmentally friendly, long lasting shipper, and through our value added services that offer a simple hassle-free solution for our customers. These value-added services include an internet-based web portal that enables the customer to initiate scheduling, shipping and tracking of the progress and status of a shipment, and provides in-transit temperature and custody transfer monitoring services of the shipper. The CryoPort service also provides a fully ready charged shipper containing all freight bills, customs documents and regulatory paperwork for the entire journey of the shipper to our customers at their pickup and delivery locations.

Our principal focus has been the further development and commercial launch of CryoPort Express® Portal, an innovative IT solution for shipping and tracking high-value specimens through overnight shipping companies, and our CryoPort Express® Shipper, a dry vapor cryogenic shipper for the transport of biological and pharmaceutical materials. A dry vapor cryogenic shipper is a container that uses liquid nitrogen in dry vapor form, which is suspended inside a vacuum insulated bottle as a refrigerant, to provide storage temperatures below minus 150° Celsius. The dry vapor shipper is designed using innovative, proprietary, and patented technology which prevents spillage of liquid nitrogen and pressure build up as the liquid nitrogen evaporates. A proprietary foam retention system is employed to ensure that liquid nitrogen stays inside the vacuum container, even when placed upside-down or on its side, as is often the case when in the custody of a shipping company. Biological specimens are stored in a specimen chamber, referred to as a well, inside the container and refrigeration is provided by harmless cold nitrogen gas evolving from the liquid nitrogen entrapped within the foam retention system surrounding the well. Biological specimens transported using our cryogenic shipper can include clinical samples, diagnostics, live cell pharmaceutical products (such as cancer vaccines, semen and embryos, infectious substances) and other items that require and/or are protected through continuous exposure to frozen or cryogenic temperatures.

During our early years, our limited revenue was derived from the sale of our reusable product line. Our current business plan focuses on per-use leasing of the shipping container and added-value services that will be used by us to provide an end-to-end and cost-optimized shipping solution to life science companies moving pharmaceutical and biological samples in clinical trials and pharmaceutical distribution.

On January 13, 2010 we signed an agreement with Federal Express Corporation ( FedEx ) pursuant to which we will lease to FedEx such number of our cryogenic shippers that FedEx shall, from time to time, order for its customers. Under this agreement, FedEx has the right to and shall, on a non-exclusive basis, promote, market and sell transportation of our shippers and our related value-added goods and services, such as our data logger, web portal and planned CryoPort Express® Smart Pak System. On September 2, 2010 we entered into an agreement with DHL Express (USA), Inc. ( DHL ) that will give DHL life science customers direct access to our web-based order entry and tracking portal to order our CryoPort Express® Shipper and receive preferred DHL shipping rates. The agreement covers CryoPort shipping discounts that may be used to support our customers using the CryoPort Express® shipping solution. In connection with the agreement, we will integrate our proprietary web portal to DHL s tracking and billing systems. Once this integration is completed, DHL life science customers will have a seamless way of shipping their

critical biological material worldwide. The IT integration with DHL is expected to be completed in December 2010. During our third quarter we commenced joint calls with FedEx healthcare representatives to potential customers in key U.S. life science communities to both train FedEx representatives on the CryoPort Express® features and to initiate customer orders under the FedEx agreement.

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**Corporate History and Structure**

We are a Nevada corporation originally incorporated under the name G.T.5-Limited ( GT5 ) on May 25, 1990. In connection with a Share Exchange Agreement, on March 15, 2005 we changed our name to CryoPort, Inc. and acquired all of the issued and outstanding shares of common stock of CryoPort Systems, Inc., a California corporation, in exchange for 2,410,811 shares of our common stock (which represented approximately 81% of the total issued and outstanding shares of common stock following the close of the transaction). CryoPort Systems, Inc., which was originally formed in 1999 as a California limited liability company, and subsequently reorganized into a California corporation on December 11, 2000, remains the operating company under CryoPort, Inc.

**Our Corporate Information**

Our principal executive offices are located at 20382 Barents Sea Circle, Lake Forest, California 92630. The telephone number of our principal executive offices is (949) 470-2300, and our main corporate website is www.cryoport.com. The information on, or that can be accessed through, our website is not part of this prospectus.

We own, have rights to, or have applied for the service marks and trade names that we use in conjunction with our business, including CryoPort (both alone and with a design logo) and CryoPort Express® (both alone and with a design logo). All other trademarks and trade names appearing in this prospectus are the property of their respective holders.

**THE OFFERING**

Common Stock being offered by the selling security holders	Up to 12,287,711 shares of our common stock, including 6,755,293 shares of our common stock issuable upon exercise of the warrants held by the selling security holders(1).
Common Stock outstanding prior to the offering	13,682,673 shares of common stock(2)
Common Stock to be outstanding after the offering	20,437,966 shares of common stock(3)
Use of proceeds	We will not receive any proceeds from the sales of shares of common stock by the selling security holders.
OTCBB symbol	Our common stock is currently traded on the OTCBB under the symbol CYRX.
Risk factors	Investing in our securities involves a high degree of risk. You should carefully read and consider the information set forth under the heading Risk Factors beginning on page 5 of this prospectus and all other information in this prospectus before investing in our securities.

(1) In connection with the private placement, we agreed to file a registration statement with the Securities and Exchange Commission no later than 60 days after closing of the private placement and use our best efforts to cause it to become effective and remain effective until all securities covered by the registration statement either have been sold, under the registration statement or pursuant to Rule 144 under the Securities Act of 1933, as amended, or may be sold without volume or manner-of-sale restrictions pursuant to Rule 144, and without the requirement for the Company to be in compliance with the current public information requirement under Rule 144.

(2) Based upon the total number of issued and outstanding shares as of October 31, 2010.





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- (3) Based upon the total number of issued and outstanding shares as of October 31, 2010, including shares of our common stock issuable upon exercise of the warrants held by the selling security holders but excluding:
- 1,441,927 shares issuable upon the exercise of stock options outstanding at a weighted average exercise price of \$1.09 as of October 31, 2010;
  
  - 5,580,532 shares issuable upon exercise of outstanding warrants to purchase common stock (excluding the warrants held by the selling security holders) at a weighted average exercise price of \$3.70 as of October 31, 2010; and
  
  - 1,076,856 shares issuable upon conversion of convertible debentures at a conversion price of \$3.00 as of October 31, 2010.

**Table of Contents****SUMMARY FINANCIAL INFORMATION**

In the table below we provide you with historical consolidated financial data for the six month periods ending September 30, 2010 and 2009 and the fiscal years ended March 31, 2010 and 2009, derived from our audited and unaudited consolidated financial statements included elsewhere in this prospectus. Historical results are not necessarily indicative of the results that may be expected for any future period. When you read this historical selected financial data, it is important that you read along with it the appropriate historical consolidated financial statements and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus.

	<b>For the Six Months Ended September 30,</b>		<b>For the Years Ended March 31,</b>	
	<b>2010 ( 000)</b>	<b>2009 ( 000)</b>	<b>2010 ( 000)</b>	<b>2009 ( 000)</b>
	<b>(Unaudited)</b>			
Revenues	\$ 276	\$ 22	\$ 118	\$ 35
Cost of revenues	773	326	718	546
Gross loss	(497)	(304)	(600)	(511)
Costs and expenses:				
Selling, general and administrative	2,057	1,507	3,312	2,387
Research and development	237	181	285	297
Total costs and expenses	2,294	1,688	3,597	2,684
Loss from operations	(2,791)	(1,992)	(4,197)	(3,195)
Other income (expense):				
Interest income	7	4	8	32
Interest expense	(296)	(4,143)	(7,029)	(2,693)
Loss on sale of property and equipment		(1)	(9)	
Change in fair value of derivative liabilities	243	(1,402)	5,577	
Loss on extinguishment of debt				(10,847)
Total other (expense) income, net	(46)	(5,542)	(1,453)	(13,508)
Loss before income taxes	(2,837)	(7,534)	(5,650)	(16,703)
Income taxes	2	2	2	2
Net loss	\$ (2,839)	\$ (7,536)	\$ (5,652)	\$ (16,705)
Loss per common share, basic and diluted	\$ (0.31)	\$ (1.69)	\$ (1.13)	\$ (4.05)
	<b>As of September 30,</b>		<b>As of March 31,</b>	
	<b>2010 ( 000)</b>	<b>2009 ( 000)</b>	<b>2010 ( 000)</b>	<b>2009 ( 000)</b>
	<b>(Unaudited)</b>			
Assets	\$ 5,371	\$ 2,438	\$ 4,777	\$ 1,573

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Liabilities	5,525	25,816	5,691	6,349
Total Stockholders Deficit	(154)	(23,378)	(914)	(4,776)
Liabilities and Stockholders Deficit	\$ 5,371	\$ 2,438	\$ 4,777	\$ 1,573

**Table of Contents****RISK FACTORS**

*An investment in our shares of common stock involves a high degree of risk. Before making an investment decision, you should carefully consider all of the risks described in this prospectus. If any of the risks discussed in this prospectus actually occur, our business, financial condition and results of operations could be materially and adversely affected. If this were to happen, the price of our shares of common stock and warrants could decline significantly and you may lose all or a part of your investment. Our forward-looking statements in this prospectus are subject to the following risks and uncertainties. Our actual results could differ materially from those anticipated by our forward-looking statements as a result of the risk factors below. See **Forward-Looking Statements**.*

**Risks Related to Our Business**

*We have incurred significant losses to date and may continue to incur losses.*

We have incurred net losses in each fiscal year since we commenced operations. The following table represents net losses incurred for the six months ended September 30, 2010 and for each of our last two fiscal years:

	<b>Net Loss</b>
Six months ended September 30, 2010 (unaudited)	\$ 2,838,625
Fiscal Year Ended March 31, 2010	\$ 5,651,561
Fiscal Year Ended March 31, 2009	\$16,705,151

As of September 30, 2010, we had an accumulated deficit of \$48,782,434. While we expect to continue to derive revenues from our current products and services, in order to achieve and sustain profitable operations, we must successfully commercialize and launch our CryoPort Express® System, significantly expand our market presence and increase revenues. We may continue to incur losses in the future and may never generate revenues sufficient to become profitable or to sustain profitability. Continuing losses may impair our ability to raise the additional capital required to continue and expand our operations.

*Our auditors have expressed doubt about our ability to continue as a going concern.*

The Report of Independent Registered Public Accounting Firm to our March 31, 2010 consolidated financial statements includes an explanatory paragraph stating that the recurring losses and negative cash flows from operations since inception and our limited working capital and cash and cash equivalent balance at March 31, 2010 raise substantial doubt about our ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

*If we are unable to obtain additional funding, we may have to reduce or discontinue our business operations.*

As of October 31, 2010, we had cash and cash equivalents of \$3,621,399. We have expended substantial funds on the research and development of our products and IT systems. As a result, we have historically experienced negative cash flows from operations and we expect to continue to experience negative cash flows from operations in the future. Therefore, our ability to continue and expand our operations is highly dependent on the amount of cash and cash equivalents on hand combined with our ability to raise additional capital to fund our future operations.

We anticipate, based on currently proposed plans and assumptions relating to our ability to market and sell our products (but not including any additional strategic relationships with global couriers), that our cash on hand, together with projected cash flows, will satisfy our operational and capital requirements through the first quarter of our fiscal year 2012. There are a number of uncertainties associated with our financial projections that could reduce or delay our future projected revenues and cash-inflows, including, but not limited to, our ability to complete the commercialization and launch of our CryoPort Express® System, launch our relationship with FedEx, increase our customer base and revenues and enter into strategic relationships with additional global couriers. If our projected revenues and cash-inflows are reduced or delayed, we may not have sufficient capital to operate through the first quarter of our fiscal year 2012 unless we raise more capital. Additionally, if we are unable to realize satisfactory

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revenue in the near future, we will be required to seek additional financing to continue our operations beyond that period. We will also require additional financing to expand into other markets and further develop and market our products. We have no current arrangements with respect to any additional financing. Consequently, there can be no assurance that any additional financing on commercially reasonable terms, or at all, will be available when needed. The inability to obtain additional capital may reduce our ability to continue to conduct business operations. Any additional equity financing may involve substantial dilution to our then existing stockholders. In addition, raising additional funding may be complicated by certain provisions in the securities purchase agreements and related transaction documents, as amended, entered into in connection with our prior convertible debenture financings. The uncertainties surrounding our future cash inflows have raised substantial doubt regarding our ability to continue as a going concern.

***If we are not successful in establishing strategic relationships with global couriers, we may not be able to successfully increase revenues and cashflow which could adversely affect our operations.***

We believe that our near term success is best achieved by establishing strategic relationships with global couriers, such as our recent agreements with FedEx and DHL. Such relationships will enable us to provide a seamless, end-to-end shipping solution to customers and allow us to leverage the couriers' established express, ground and freight infrastructures and penetrate new markets with minimal investment. Further, we expect that the global couriers will utilize their sales forces to promote and sell our frozen shipping services. If we are not successful in launching our relationship with FedEx or DHL or establishing additional relationships with global couriers, our sales and marketing efforts will be significantly impacted and anticipated revenue growth will be substantially delayed which could have an adverse affect on our operations.

***Our agreements with FedEx and DHL may not result in a significant increase in our revenues or cashflow.***

On January 13, 2010, we entered into an agreement with FedEx pursuant to which we will lease to FedEx such number of our cryogenic shippers that FedEx shall, from time to time, order for its customers. FedEx has the right to and shall, on a non-exclusive basis, promote, market and sell transportation of our shippers and our related value-added goods and services, such as our data logger, web portal and planned CryoPort Express® Smart Pak System. Because our agreement with FedEx does not contain any requirement that FedEx lease a minimum number of shippers from us during the term of the agreement, we may not experience a significant increase in our revenues or cashflows as a result of this agreement. Further, while we are working with FedEx to implement and launch our relationship, we may experience delays in such implementation which could adversely affect our revenues. On September 2, 2010, we entered into an agreement with DHL that will give DHL life sciences customers direct access to our web-based order entry and tracking portal to order our CryoPort Express® Shipper and preferred DHL shipping rates. Although the agreement provides shipping discounts that may be used to support our customers using our CryoPort Express® shipping solution, DHL will not be promoting, marketing or selling transportation of our shippers or services, which may not lead to any increase in our revenues.

***Current economic conditions and capital markets are in a period of disruption and instability which could adversely affect our ability to access the capital markets, and thus adversely affect our business and liquidity.***

The current economic conditions and financial crisis have had, and will continue to have, a negative impact on our ability to access the capital markets, and thus have a negative impact on our business and liquidity. The shortage of liquidity and credit combined with substantial losses in worldwide equity markets could lead to an extended worldwide recession. We may face significant challenges if conditions in the capital markets do not improve. Our ability to access the capital markets has been and continues to be severely restricted at a time when we need to access such markets, which could have a negative impact on our business plans, including the commercialization and launch of our CryoPort Express® System and other research and development activities. Even if we are able to raise capital, it may not be at a price or on terms that are favorable to us. We cannot predict the occurrence of future financial disruptions or how long the current market conditions may continue.

**Table of Contents*****The sale of substantial shares of our common stock may depress our stock price.***

As of October 31, 2010, there were 13,682,673 shares of our common stock outstanding (including 5,532,418 shares being offered by the selling security holders). Substantially all of these shares of common stock are eligible for trading in the public market. The market price of our common stock may decline if our stockholders sell a large number of shares of our common stock in the public market, or the market perceives that such sales may occur.

We could also issue up to 15,058,175 additional shares of our common stock including shares to be issued upon conversion of the outstanding balance of our convertible debentures and upon the exercise of outstanding warrants and options or reserved for future issuance under our stock incentive plans, as further described in the following table:

	<b>Number of Shares of Common Stock Issuable or Reserved for Issuance</b>
Common stock issuable upon conversion of the outstanding balance of our convertible debentures	1,076,856
Common stock issuable upon exercise of outstanding warrants, including the warrants held by selling security holders	12,335,824
Common stock issuable upon exercise of outstanding options or reserved for future incentive awards under our stock incentive plans	1,645,495
Total	15,058,175

Of the total options and warrants outstanding as of October 31, 2010, options and warrants exercisable for an aggregate of 486,527 shares of common stock would be considered dilutive to the value of our stockholders' interest in CryoPort because we would receive upon exercise of such options and warrants an amount per share that is less than the market price of our common stock on October 31, 2010.

***We will have difficulty increasing our revenues if we experience delays, difficulties or unanticipated costs in establishing the sales, distribution and marketing capabilities necessary to successfully commercialize our products.***

We are continuing to develop sales, distribution and marketing capabilities in the Americas, Europe and Asia. It will be expensive and time-consuming for us to develop a global marketing and sales network. Moreover, we may choose, or find it necessary, to enter into additional strategic collaborations to sell, market and distribute our products. We may not be able to provide adequate incentive to our sales force or to establish and maintain favorable distribution and marketing collaborations with other companies to promote our products. In addition, any third party with whom we have established a marketing and distribution relationship may not devote sufficient time to the marketing and sales of our products thereby exposing us to potential expenses in exiting such distribution agreements. We, and any of our third party collaborators, must also market our products in compliance with federal, state, local and international laws relating to the provision of incentives and inducements. Violation of these laws can result in substantial penalties. Therefore, if we are unable to successfully motivate and expand our marketing and sales force and further develop our sales and marketing capabilities, or if our distributors fail to promote our products, we will have difficulty increasing our sales.

***Our ability to grow and compete in our industry will be hampered if we are unable to retain the continued service of our key professionals or to identify, hire and retain additional qualified professionals.***

A critical factor to our business is our ability to attract and retain qualified professionals including key employees and consultants. We are continually at risk of losing current professionals or being unable to hire additional professionals as needed. If we are unable to attract new qualified employees, our ability to grow will be adversely affected. If we are unable to retain current employees or strategic consultants, our financial condition and ability to

maintain operations may be adversely affected.



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***We are dependent on new products and services, the lack of which would harm our competitive position.***

Our future revenue stream depends to a large degree on our ability to bring new products and services to market on a timely basis. We must continue to make significant investments in research and development in order to continue to develop new products and services, enhance existing products and services, and achieve market acceptance of such products and services. We may incur problems in the future in innovating and introducing new products and services. Our development stage products and services may not be successfully completed or, if developed, may not achieve significant customer acceptance. If we are unable to successfully define, develop and introduce new, competitive products and services and enhance existing products and services, our future results of operations would be adversely affected. Development and manufacturing schedules for technology products and services are difficult to predict, and we might not achieve timely initial customer shipments of new products or launch of services. The timely availability of these products and services and their acceptance by customers are important to our future success. A delay in new or enhanced product or service introductions could have a significant impact on our results of operations.

Because of these risks, our research and development efforts may not result in any commercially viable products or services. If significant portions of these development efforts are not successfully completed, or any new or enhanced products or services are not commercially successful, our business, financial condition and results of operations may be materially harmed.

***If we successfully develop products and/or services, but those products and/or services do not achieve and maintain market acceptance, our business will not be profitable.***

The degree of acceptance of our CryoPort Express® Shipper and/or CryoPort Express® System, or any future product or services, by our current target markets, and any other markets to which we attempt to sell our products and services, and our profitability and growth will depend on a number of factors including, among others:

our shippers' ability to perform and preserve the integrity of the materials shipped;

relative convenience and ease of use of our shipper and/or web portal;

availability of alternative products;

pricing and cost effectiveness; and

effectiveness of our or our collaborators' sales and marketing strategy.

If any products or services we may develop do not achieve market acceptance, then we may not generate sufficient revenue to achieve or maintain profitability.

In addition, even if our products and services achieve market acceptance, we may not be able to maintain that market acceptance over time if new products or services are introduced that are more favorably received than our products and services, are more cost effective, or render our products obsolete.

***We are dependent on an outside party for the continued development of our CryoPort Express® Portal***

Our proprietary CryoPort Express® Portal is a software system used by our customers and business partners to automate the entry of orders, prepare customs documentation and facilitate status and location monitoring of shipped orders while in transit. The continued development of this system is contracted with an outside software development company. If this developer becomes unable or unwilling to continue work on scheduled projects, and an alternative developer cannot be secured, we may not be able to implement needed enhancements to the system. Furthermore, if we terminate our agreement with this developer and cannot reach an agreement or fail to fulfill an agreement for the termination, we could lose our license to use this software. Failure to proceed with enhancements

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or the loss of our license for the system would adversely affect our ability to generate new business and serve existing customers, resulting in a reduction in revenue.

***Our success depends, in part, on our ability to obtain patent protection for our products and business model, preserve our trade secrets, and operate without infringing the proprietary rights of others.***

Our policy is to seek to protect our proprietary position by, among other methods, filing United States patent applications related to our technology, inventions and improvements that are important to the development of our business. We have three issued U.S. patents and one recently filed provisional patent application, all relating to various aspects of our products and services. Our patents or provisional patent application may be challenged, invalidated or circumvented in the future or the rights granted may not provide a competitive advantage. We intend to vigorously protect and defend our intellectual property. Costly and time-consuming litigation brought by us may be necessary to enforce our patents and to protect our trade secrets and know-how, or to determine the enforceability, scope and validity of the proprietary rights of others.

We also rely upon trade secrets, technical know-how and continuing technological innovation to develop and maintain our competitive position. In the past our employees, consultants, advisors and suppliers have not always executed confidentiality agreements and invention assignment and work for hire agreements in connection with their employment, consulting, or advisory relationships. Consequently, we may not have adequate remedies available to us to protect our intellectual property should one of these parties attempt to use our trade secrets or refuse to assign any rights he or she may have in any intellectual property he or she developed for us. Additionally, our competitors may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our proprietary technology, or we may not be able to meaningfully protect our rights in unpatented proprietary technology.

We cannot assure you that our current and potential competitors and other third parties have not filed (or in the future will not file) patent applications for (or have not received or in the future will not receive) patents or obtain additional proprietary rights that will prevent, limit or interfere with our ability to make, use or sell our products either in the United States or internationally. In the event we are required to license patents issued to third parties, such licenses may not be available or, if available, may not be available on terms acceptable to us. In addition, we cannot assure you that we would be successful in any attempt to redesign our products or processes to avoid infringement or that any such redesign could be accomplished in a cost-effective manner. Accordingly, an adverse determination in a judicial or administrative proceeding or failure to obtain necessary licenses could prevent us from manufacturing and selling our products or offering our services, which would harm our business.

We are not aware of any third party that is infringing any of our patents or trademarks nor do we believe that we are infringing on the patents or trademarks of any other person or organization.

***Our products may contain errors or defects, which could result in damage to our reputation, lost revenues, diverted development resources and increased service costs and litigation.***

Our products must meet stringent requirements and we must develop our products quickly to keep pace with the rapidly changing market. Products and services as sophisticated as ours could contain undetected errors or defects, especially when first introduced or when new models or versions are released. In general, our products may not be free from errors or defects after commercial shipments have begun, which could result in damage to our reputation, lost revenues, diverted development resources, increased customer service and support costs, and litigation. The costs incurred in correcting any product errors or defects may be substantial and could adversely affect our business, results of operations and financial condition.

***If we experience manufacturing delays or interruptions in production, then we may experience customer dissatisfaction and our reputation could suffer.***

If we fail to produce enough shippers at our own manufacturing facility or at a third party manufacturing facility, or if we fail to complete our shipper recycling processes as planned, we may be unable to deliver shippers to our customers on a timely basis, which could lead to customer dissatisfaction and could harm our reputation and ability to compete. We currently acquire various component parts for our shippers from various independent

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manufacturers in the United States. We would likely experience significant delays or cessation in producing our shippers if a labor strike, natural disaster or other supply disruption were to occur at any of our main suppliers. If we are unable to procure a component from one of our manufacturers, we may be required to enter into arrangements with one or more alternative manufacturing companies which may cause delays in producing our shippers. In addition, because we depend on third party manufacturers, our profit margins may be lower, which will make it more difficult for us to achieve profitability. To date, we have not experienced any material delay that has adversely impacted our operations. As our business develops and the quantity of production increases, it becomes more likely that such problems could arise.

***Because we rely on a limited number of suppliers, we may experience difficulty in meeting our customers demands for our products in a timely manner or within budget.***

We currently purchase key components of our products from a variety of outside sources. Some of these components may only be available to us through a few sources, however, management has identified alternative materials and suppliers should the need arise. We generally do not have long-term agreements with any of our suppliers. Consequently, in the event that our suppliers delay or interrupt the supply of components for any reason, we could potentially experience higher product costs and longer lead times in order fulfillment.

***Our CryoPort Express® Portal may be subject to intentional disruption that could adversely impact our reputation and future sales.***

We have implemented our CryoPort Express® Portal which is used by our customers and business partners to automate the entry of orders, prepare customs documentation and facilitate status and location monitoring of shipped orders while in transit. Although we believe we have sufficient controls in place to prevent intentional disruptions, we could be a target of attacks specifically designed to impede the performance of the CryoPort Express® Portal. Similarly, experienced computer programmers may attempt to penetrate our CryoPort Express® Portal in an effort to search for and misappropriate proprietary or confidential information or cause interruptions of our services. Because the techniques used by such computer programmers to access or sabotage networks change frequently and may not be recognized until launched against a target, we may be unable to anticipate these techniques. Our activities could be adversely affected and our reputation, brand and future sales harmed if these intentionally disruptive efforts are successful.

***Our products and services may expose us to liability in excess of our current insurance coverage.***

Our products and services involve significant risks of liability, which may substantially exceed the revenues we derive from them. We cannot predict the magnitude of these potential liabilities.

We currently maintain general liability insurance, with coverage in the amount of \$1 million per occurrence, subject to a \$2 million annual limitation, and product liability insurance with a \$1 million annual coverage limitation. Claims may be made against us that exceed these limits.

Our liability policy is an occurrence based policy. Thus, our policy is complete when we purchased it and following cancellation of the policy it continues to provide coverage for future claims based on conduct that took place during the policy term. However, our insurance may not protect us against liability because our policies typically have various exceptions to the claims covered and also require us to assume some costs of the claim even though a portion of the claim may be covered. In addition, if we expand into new markets, we may not be aware of the need for, or be able to obtain insurance coverage for such activities or, if insurance is obtained, the dollar amount of any liabilities incurred could exceed our insurance coverage. A partially or completely uninsured claim, if successful and of significant magnitude, could have a material adverse effect on our business, financial condition and results of operations.

***Complying with certain regulations that apply to shipments using our products can limit our activities and increase our cost of operations.***

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Shipments using our products and services are subject to various regulations in the countries in which we operate. For example, shipments using our products may be required to comply with the shipping requirements promulgated by the Centers for Disease Control ( CDC ), the Occupational Safety and Health Organization ( OSHA ), the Department of Transportation ( DOT ) as well as rules established by the International Air Transportation Association ( IATA ) and the International Civil Aviation Organization ( ICAO ). Additionally, our data logger may be subject to regulation and certification by the Food and Drug Administration ( FDA ), Federal Communications Commission ( FCC ), and Federal Aviation Administration ( FAA ). We will need to ensure that our products and services comply with relevant rules and regulations to make our products and services marketable, and in some cases compliance is difficult to determine. Significant changes in such regulations could require costly changes to our products and services or prevent use of our shippers for an extended period of time while we seek to comply with changed regulations. If we are unable to comply with any of these rule or regulations or fail to obtain any required approvals, our ability to market our products and services may be adversely affected. In addition, even if we are able to comply with these rules and regulations, compliance can result in increased costs. In either event, our financial results and condition may be adversely affected. We depend on our business partners and unrelated and frequently unknown third party agents in foreign countries to act on our behalf to complete the importation process and to make delivery of our shippers to the final user. The failure of these third parties to perform their duties could result in damage to the contents of the shipper resulting in customer dissatisfaction or liability to us, even if we are not at fault.

***If we cannot compete effectively, we will lose business.***

Our products, services and solutions are positioned to be competitive in the cold-chain shipping market. While there are technological and marketing barriers to entry, we cannot guarantee that the barriers we are capable of producing will be sufficient to defend the market share we wish to gain against current and future competitors. The principal competitive factors in this market include:

- acceptance of our business model and a *per use* consolidated fee structure;
- ongoing development of enhanced technical features and benefits;
- reductions in the manufacturing cost of competitors' products;
- the ability to maintain and expand distribution channels;
- brand name;
- the ability to deliver our products to our customers when requested;
- the timing of introductions of new products and services; and
- financial resources.

Current and prospective competitors have substantially greater resources, more customers, longer operating histories, greater name recognition and more established relationships in the industry. As a result, these competitors may be able to develop and expand their networks and product offerings more quickly, devote greater resources to the marketing and sale of their products and adopt more aggressive pricing policies. In addition, these competitors have entered and will likely continue to enter into business relationships to provide additional products competitive to those we provide or plan to provide.

***We may not be able to compete with our competitors in the industry because many of them have greater resources than we do.***

We expect to continue to experience significant and increasing levels of competition in the future. In addition, there may be other companies which are currently developing competitive products and services or which may in the future develop technologies and products that are comparable, superior or less costly than our own. For example,



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some cryogenic equipment manufacturers with greater resources currently have solutions for storing and transporting cryogenic liquid and gasses and may develop storage solutions that compete with our products. Additionally, some specialty couriers with greater resources currently provide dry ice transportation and may develop other products in the future, both of which compete with our products. A competitor that has greater resources than us may be able to bring its product to market faster than we can and offer its product at a lower price than us to establish market share. We may not be able to successfully compete with a competitor that has greater resources and such competition may adversely affect our business.

### **Risks Relating to Our Current Financing Arrangements**

*Our outstanding convertible debentures impose certain restrictions on how we conduct our business. In addition, all of our assets, including our intellectual property, are pledged to secure this indebtedness. If we fail to meet our obligations to the debenture holders, our payment obligations may be accelerated and the collateral securing the indebtedness may be sold to satisfy these obligations.*

We issued convertible debentures in October 2007 (the October 2007 Debentures ) and in May 2008 (the May 2008 Debentures, and together with the October 2007 Debentures, the Debentures ). The Debentures were issued to four institutional investors and have an outstanding principal balance of \$3,230,568 as of September 30, 2010. In addition, in October 2007 and May 2008, we issued to these institutional investors warrants to purchase, as of September 30, 2010, an aggregate of 3,055,097 shares of our common stock (without regard to beneficial ownership limitations contained in the transaction documents and certain anti-dilution provisions). As collateral to secure our repayment obligations to the holders of the Debentures we have granted such holders a first priority security interest in generally all of our assets, including our intellectual property.

The Debentures, warrant agreements and related transactional documents (including subsequent amendments) contain various covenants that presently restrict our operating flexibility. Pursuant to the foregoing documents, we may not, among other things:

other than the reverse stock split we effected on February 5, 2010, which the holder of our Debentures consented to, effect future reverse stock splits of our outstanding common stock;

incur additional indebtedness, except for certain permitted indebtedness. Permitted indebtedness is defined to include lease obligations and purchase money indebtedness of up to an aggregate of \$200,000 and indebtedness that is expressly subordinated to the Debentures and matures following the maturity date of the Debentures;

incur additional liens on any of our assets except for certain permitted liens including but not limited liens for taxes, assessments and government charges not yet due and liens incurred in connection with permitted indebtedness;

pay cash dividends;

redeem any outstanding shares of our common stock or any outstanding options or warrants to purchase shares of our common stock except in connection with a the repurchase of stock from former directors and officers provided such repurchases do not exceed \$100,000 during the term of the Debentures;

enter into transactions with affiliates other than on arms-length terms; and

make any revisions to the terms of existing contractual agreements for the Related Party Notes Payable and the Line of Credit (as each is referred to in our Form 10-Q for the period ended June 30, 2009).

These provisions could have important consequences for us, including, but not limited to, (i) making it more difficult for us to obtain additional debt financing, or obtain new debt financing on terms favorable to us, because a new lender will have to be willing to be subordinate to the debenture holders, (ii) causing us to use a portion of our available cash for debt repayment and service rather than other perceived needs, and/or (iii) impacting our ability to take advantage of significant, perceived business opportunities. Our failure to timely repay our obligations under the



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Debentures, which require monthly principal payments of \$200,000 and quarterly interest payments commencing March 1, 2011 and which mature on August 1, 2012, or meet the covenants set forth in the Debentures and related transaction documents could give rise to a default under the Debentures or such transaction documents. In the event of an uncured default, all amounts owed to the holders may be declared immediately due and payable and the debenture holders will have the right to enforce their security interest in the assets securing the Debentures. In such event, the Debenture holders could take possession of any or all of our assets in which they hold a security interest, and dispose of those assets to the extent necessary to pay off our debts, which would materially harm our business.

***Certain of our existing stockholders own and have the right to acquire a substantial number of shares of common stock.***

As of October 31, 2010, our directors, executive officers and debenture holders beneficially owned 4,866,049 shares (without regard to beneficial ownership limitations contained in certain warrants) of common stock assuming their exercise of all outstanding warrants, options and conversion of all convertible debt; or approximately 26.3% of our outstanding common stock. Of these shares of common stock, 2,059,680, or approximately 13.1% of our outstanding common stock, will be beneficially owned by Enable Growth Partners LP (and affiliated funds), and 2,072,273 shares, or approximately 13.2% of our outstanding common stock, will be owned by BridgePointe Master Fund, Ltd. (each calculated without regard to the shares of common stock that may be acquired by the other upon the exercise of its warrants and conversion of debt); provided, however, there are provisions in their warrant agreements that prohibit exercise of warrants to the extent that their respective beneficial ownership would exceed 4.99% as a result of such conversion or exercise (which limitation may be waived and increased to 9.99% upon not less than 61 days prior notice). As such, the concentration of beneficial ownership of our stock may have the effect of delaying or preventing a change in control of CryoPort and may adversely affect the voting or other rights of other holders of our common stock.

***Our stock and warrant price is and will continue to be volatile.***

The market price of our common stock has been and, along with the warrants is likely to be, highly volatile and could fluctuate widely in price in response to various factors, many of which are beyond our control, including, but not limited to:

technological innovations or new products and services by us or our competitors;

additions or departures of key personnel;

sales of our common stock;

our ability to integrate operations, technology, products and services;

our ability to execute our business plan;

operating results below expectations;

loss of any strategic relationship;

industry developments;

economic and other external factors; and

period-to-period fluctuations in our financial results.

You may consider any one of these factors to be material. The price of our common stock and warrants may fluctuate widely as a result of any of the above listed factors. In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of





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particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock and warrants.

***If equity research analysts do not publish research or reports about our business or if they issue unfavorable commentary or downgrade our common stock and warrants, the price of our common stock and warrants could decline.***

The trading market for our common stock and warrants relies in part on the research and reports that equity research analysts publish about us and our business. We do not control these analysts. The price of our common stock and warrants could decline if one or more equity analyst downgrades our stock or if analysts issue other unfavorable commentary or cease publishing reports about us or our business.

***We have not paid dividends on our common stock in the past and do not expect to pay dividends in the foreseeable future. Any return on investment may be limited to the value of our common stock.***

We have never paid cash dividends on our common stock and do not anticipate paying cash dividends in the foreseeable future. The payment of dividends on our common stock will depend on our earnings, financial condition and other business and economic factors affecting us at such time as the Board of Directors may consider the payment of any such dividends. In addition, we may not pay any dividends without obtaining the prior consent of the holders of our Debentures. If we do not pay dividends, our common stock may be less valuable because a return on your investment will only occur if the price of our common stock appreciates.

***As a result of our recent 10-to-1 reverse stock split, the liquidity of our common stock and market capitalization could be adversely affected.***

On February 5, 2010, we effected a 10-to-1 reverse stock split. A reverse stock split is often viewed negatively by the market and, consequently, can lead to a decrease in our overall market capitalization. In addition, because the reverse split will significantly reduce the number of shares of our common stock that are outstanding, the liquidity of our common stock could be adversely affected and you may find it more difficult to purchase or sell shares of our common stock.

***We may need additional capital, and the sale of additional shares of common stock or other equity securities could result in additional dilution to our stockholders.***

We believe that our current cash and cash equivalents and anticipated cash flow from operations will be sufficient to meet our anticipated cash needs for a period of 6 months. We may, however, require additional cash resources due to changed business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If our resources are insufficient to satisfy our cash requirements, we may seek to sell additional equity or debt securities or obtain a credit facility. The sale of additional equity securities, or debt securities convertible into equity securities, could result in additional dilution to our stockholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations.

***Provisions in our bylaws and Nevada law might discourage, delay or prevent a change of control of our company or changes in our management and, as a result, may depress the trading price of our common stock.***

Provisions of our bylaws and Nevada law may discourage, delay or prevent a merger, acquisition or other change in control that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares of our common stock. The relevant bylaw provisions may also prevent or frustrate attempts by our stockholders to replace or remove our management. These provisions include advance notice requirements for stockholder proposals and nominations, and the ability of our Board of Directors to make, alter or repeal our bylaws.

Absent approval of our Board of Directors, our bylaws may only be amended or repealed by the affirmative vote of the holders of at least a majority of our outstanding shares of capital stock entitled to vote.

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In addition, Section 78.438 of the Nevada Revised Statutes prohibits a publicly-held Nevada corporation from engaging in a business combination with an interested stockholder (generally defined as a person which together with its affiliates owns, or within the last three years has owned, 10% of our voting stock, for a period of three years after the date of the transaction in which the person became an interested stockholder) unless the business combination is approved in a prescribed manner.

The existence of the foregoing provisions and other potential anti-takeover measures could limit the price that investors might be willing to pay in the future for shares of our common stock. They could also deter potential acquirers of our company, thereby reducing the likelihood that you could receive a premium for your common stock in an acquisition.

***Even though we are not incorporated in California, we may become subject to a number of provisions of the California General Corporation Law.***

Section 2115(b) of the California Corporations Code imposes certain requirements of California corporate law on corporations organized outside California that, in general, are doing more than 50% of their business in California and have more than 50% of their outstanding voting securities held of record by persons residing in California. While we are not currently subject to Section 2115(b), we may become subject to it in the future.

The following summarizes some of the principal differences which would apply if we become subject to Section 2115(b).

Under both Nevada and California law, cumulative voting for the election of directors is permitted. However, under Nevada law cumulative voting must be expressly authorized in the Articles of Incorporation and our Amended and Restated Articles of Incorporation do not authorize cumulative voting. If we become subject to Section 2115(b), we may be required to permit cumulative voting if any stockholder properly requests to cumulate his or her votes.

Under Nevada law, directors may be removed by the stockholders only by the vote of two-thirds of the voting power of the issued and outstanding stock entitled to vote. However, California law permits the removal of directors by the vote of only a majority of the outstanding shares entitled to vote. If we become subject to Section 2115(b), the removal of a director may be accomplished by a majority vote, rather than a vote of two-thirds, of the stockholders entitled to vote.

Under California law, the corporation must take certain steps to be allowed to provide for greater indemnification of its officers and directors than is provided in the California Corporation Code. If we become subject to Section 2115(b), our ability to indemnify our officers and directors may be limited by California law.

Nevada law permits distributions to stockholders as long as, after the distribution, (i) the corporation would be able to pay its debts as they become due and (ii) the corporation's total assets are at least equal to its liabilities and preferential dissolution obligations. Under California law, distributions may be made to stockholders as long as the corporation would be able to pay its debts as they mature and either (i) the corporation's retained earnings equals or exceeds the amount of the proposed distributions, or (ii) after the distributions, the corporation's tangible assets are at least 125% of its liabilities and the corporation's current assets are at least equal to its current liabilities (or, 125% of its current liabilities if the corporation's average operating income for the two most recently completed fiscal years was less than the average of the interest expense of the corporation for those fiscal years). If we become subject to Section 2115(b), we will have to satisfy more stringent financial requirements to be able to pay dividends to our stockholders. Additionally, stockholders may be liable to the corporation if we pay dividends in violation of California law.

California law permits a corporation to provide supermajority vote provisions in its Articles of Incorporation, which would require specific actions to obtain greater than a majority of the votes, but not more than 66 percent. Nevada law does not permit supermajority vote provisions. If we become subject to Section 2115(b), it is possible that our stockholders would vote to amend our Articles of Incorporation and require a supermajority vote for us to take specific actions.

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Under California law, in a disposition of substantially of all the corporation's assets, if the acquiring party is in control of or under common control with the disposing corporation, the principal terms of the sale must be approved by 90 percent of the stockholders. Although Nevada law does contain certain rules governing interested stockholder business combinations, it does not require similar stockholder approval. If we become subject to Section 2115(b), we may have to obtain the vote of a greater percentage of the stockholders to approve a sale of our assets to a party that is in control of, or under common control with, us.

California law places certain additional approval rights in connection with a merger if all of the shares of each class or series of a corporation are not treated equally or if the surviving or parent party to a merger represents more than 50 percent of the voting power of the other corporation prior to the merger. Nevada law does not require such approval. If we become subject to Section 2115(b), we may have to obtain a the vote of a greater percentage of the stockholders to approve a merger that treats shares of a class or series differently or where a surviving or parent party to the merger represents more than 50% of the voting power of the other corporation prior to the merger.

California law requires the vote of each class to approve a reorganization or a conversion of a corporation into another entity. Nevada law does not require a separate vote for each class. If we become subject to Section 2115(b), we may have to obtain the approval of each class if we desire to reorganize or convert into another type of entity.

California law provides greater dissenters' rights to stockholders than Nevada law. If we become subject to Section 2115(b), more stockholders may be entitled to dissenters' rights, which may limit our ability to merge with another entity or reorganize.

***Our stock is deemed to be penny stock.***

Our stock is currently traded on the OTC Bulletin Board and is subject to the penny stock rules adopted pursuant to Section 15(g) of the Securities Exchange Act of 1934, as amended (the Exchange Act). The penny stock rules apply to companies not listed on a national exchange whose common stock trades at less than \$5.00 per share or which have tangible net worth of less than \$5,000,000 (\$2,000,000 if the company has been operating for three or more years). Such rules require, among other things, that brokers who trade penny stock to persons other than established customers complete certain documentation, make suitability inquiries of investors and provide investors with certain information concerning trading in the security, including a risk disclosure document and quote information under certain circumstances. Penny stocks sold in violation of the applicable rules may entitle the buyer of the stock to rescind the sale and receive a full refund from the broker.

Many brokers have decided not to trade penny stock because of the requirements of the penny stock rules and, as a result, the number of broker-dealers willing to act as market makers in such securities is limited. In the event that we remain subject to the penny stock rules for any significant period, there may develop an adverse impact on the market, if any, for our securities. Because our securities are subject to the penny stock rules, investors will find it more difficult to dispose of our securities. Further, for companies whose securities are traded in the OTC Bulletin Board, it is more difficult: (i) to obtain accurate quotations, (ii) to obtain coverage for significant news events because major wire services, such as the Dow Jones News Service, generally do not publish press releases about such companies, and (iii) to obtain needed capital.

***If we fail to maintain effective internal controls over financial reporting, the price of our common stock may be adversely affected.***

Our internal controls over financial reporting may have weaknesses and conditions that could require correction or remediation, the disclosure of which may have an adverse impact on the price of our common stock. We are required to establish and maintain appropriate internal controls over financial reporting. Failure to establish those controls (or any failure of those controls once established) could adversely impact our public disclosures regarding our business, financial condition or results of operations. In addition, management's assessment of internal controls over financial reporting may identify weaknesses and conditions that need to be addressed in our internal controls over financial reporting or other matters that may raise concerns for investors. Any actual or perceived weaknesses and conditions that need to be addressed in our internal control over financial reporting, disclosure of management's assessment of our internal controls over financial reporting, or disclosure of our independent registered public accounting firm's attestation to the effectiveness of our internal controls over financial reporting, when required, may have an adverse impact on the price of our common stock.



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***Standards for compliance with Section 404 of the Sarbanes-Oxley Act of 2002 are uncertain, and if we fail to comply in a timely manner, our business could be harmed and our stock price could decline.***

Rules adopted by the SEC pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 require an annual assessment of our internal controls over financial reporting. The standards that must be met for management to assess the internal controls over financial reporting as effective are evolving and complex, and require significant documentation, testing, and possible remediation to meet the detailed standards. We expect to continue to incur significant expenses and to devote resources to continued Section 404 compliance during the remainder of fiscal 2011 and on an ongoing basis. It is difficult for us to predict how long it will take or how costly it will be to complete the assessment of the effectiveness of our internal controls over financial reporting and to remediate any deficiencies in our internal controls. As a result, we may not be able to complete the assessment and remediation process on a timely basis. In the event that our Chief Executive Officer or Chief Financial Officer determine that our internal controls over financial reporting are not effective as defined under Section 404, we cannot predict how regulators will react or how the market price of our common stock will be affected; however, we believe that there is a risk that investor confidence and share value may be negatively impacted.

***If we fail to remain current in our reporting requirements, our securities could be removed from the OTC Bulletin Board, which would limit the ability of broker-dealers to sell our securities and the ability of stockholders to sell their securities in the secondary market.***

Companies trading on the OTC Bulletin Board must be reporting issuers under Section 12 of the Exchange Act, and must be current in their reports under Section 13, in order to maintain price quotation privileges on the OTC Bulletin Board. If we fail to remain current on our reporting requirements, we could be removed from the OTC Bulletin Board. As a result, the market liquidity for our securities could be severely adversely affected by limiting the ability of broker-dealers to sell our securities and the ability of stockholders to sell their securities in the secondary market.

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**FORWARD-LOOKING STATEMENTS**

This prospectus contains forward-looking statements. All statements other than statements of historical fact contained in this prospectus, including statements regarding our future results of operations and financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as may, will, should, expects, plans, anticipates, could, intends, target, projects, contemplates, believes, estimates, predicts, potential, negative of these terms or other similar words. These statements are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. We discuss many of the risks in greater detail under the heading Risk Factors. Also, these forward-looking statements represent our estimates and assumptions only as of the date of this prospectus. Forward-looking statements in this prospectus include, but are not necessarily limited to, those relating to:

our intention to introduce new products or services,

our expectations about the markets for our products or services,

our expectations about securing strategic relationships with global couriers or large clinical research organization,

our future capital needs,

results of our research and development efforts, and

success of our patent applications.

Forward-looking statements are subject to risks and uncertainties, certain of which are beyond our control. Actual results could differ materially from those anticipated as a result of the factors described in Risk Factors in this prospectus and detailed in our other SEC filings, including among others:

the effect of regulation by United States and foreign governmental agencies,

research and development efforts, including delays in developing, or the failure to develop, our products,

the development of competing or more effective products by other parties,

uncertainty of market acceptance of our products,

errors in business planning attributable to insufficient market size or segmentation data,

problems that we may face in manufacturing, marketing, and distributing our products,

problems that we may encounter in further development of CryoPort Express® Portal or its ability to scale to meet customer demand and needs,

problems relating to the development of wireless sensor monitoring devices, or regulatory approval relating to their use,

our inability to raise additional capital when needed,

delays in the issuance of, or the failure to obtain, patents for certain of our products and technologies,  
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problems with important suppliers and strategic business partners, and

difficulties or delays in establishing marketing relationships with international couriers.

Because of these risks and uncertainties, the forward-looking events and circumstances discussed in this prospectus might not transpire. Except for our ongoing obligations to disclose material information as required by the federal securities laws, we undertake no obligation to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. All of the above factors are difficult to predict, contain uncertainties that may materially affect our actual results and may be beyond our control. New factors emerge from time to time, and it is not possible for our management to predict all of such factors or to assess the effect of each factor on our business.

This prospectus also contains estimates and other industry and statistical data developed by independent parties and by us relating to market size, growth and segmentation of markets. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. We have not independently verified these estimates generated by independent parties and contained in this prospectus and, accordingly, we cannot guarantee their accuracy or completeness. In addition, projections, assumptions and estimates of our future performance and the future performance of the industries in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in Risk Factors, Management's Discussion and Analysis of Financial Condition and Results of Operations, and elsewhere in this prospectus. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

**Table of Contents****USE OF PROCEEDS**

Each of the selling security holders will receive all of the net proceeds from the sale of shares by that holder. We will not receive any of the net proceeds from the sale of the shares. The selling security holders will pay any underwriting discounts and commissions and expenses incurred by the selling security holders for brokerage, accounting, tax or legal services or any other expenses incurred by the selling security holders in offering or selling their shares. We will bear all other costs, fees and expenses incurred in effecting the registration of the shares covered by this prospectus, including, without limitation, blue sky registration and filing fees, and fees and expenses of our counsel and accountants.

A portion of the shares covered by this prospectus are, prior to their sale under this prospectus, issuable upon exercise of warrants. If all of the warrants are exercised for cash at the exercise price of \$0.77 per share, we will receive a total of \$5,201,576 from such exercise.

**MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS****Market Information**

Presently, our common stock is traded through the OTC Bulletin Board under the symbol CYRX. The following table shows the high and low sales price of our common stock for the two fiscal quarters ended September 30, 2010 and each quarter in the fiscal years ended March 31, 2010 and 2009.

	<b>Common Stock Sales Price</b>	
	<b>High</b>	<b>Low</b>
<b>Fiscal Year 2011</b>		
Quarter Ended September 30, 2010	\$ 1.50	\$0.66
Quarter Ended June 30, 2010	\$ 2.20	\$1.31
<b>Fiscal Year 2010</b>		
Quarter Ended March 31, 2010	\$10.50	\$1.65
Quarter Ended December 31, 2009	\$ 5.40	\$3.80
Quarter Ended September 30, 2009	\$ 7.00	\$3.70
Quarter Ended June 30, 2009	\$ 9.00	\$4.10
<b>Fiscal Year 2009</b>		
Quarter Ended March 31, 2009	\$ 6.50	\$3.00
Quarter Ended December 31, 2008	\$ 7.90	\$4.20
Quarter Ended September 30, 2008	\$10.10	\$5.00
Quarter Ended June 30, 2008	\$12.00	\$6.10

**Number of Stockholders**

As of October 31, 2010, there were 170 record holders of our common stock.

**Dividend Policy**

Historically, we have not paid any dividends to the holders of our common stock and we do not expect to pay any such dividends in the foreseeable future as we expect to retain our future earnings for use in the operation and expansion of our business.

**Securities Authorized For Issuance Under Equity Compensation Plans**

We currently maintain two equity compensation plans, referred to as the 2002 Stock Incentive Plan (the 2002 Plan ) and the 2009 Stock Incentive Plan (the 2009 Plan ). Our Compensation Committee is responsible for

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making, reviewing and recommending grants of options and other awards under these plans which are approved by the Board.

The 2002 Plan, which was approved by our stockholders in October 2002, allows for the grant of options to purchase up to 500,000 shares of the Company's common stock. The 2002 Plan provides for the granting of options to purchase shares of our common stock at prices not less than the fair market value of the stock at the date of grant and generally expire 10 years after the date of grant. The stock options are subject to vesting requirements, generally three or four years. The 2002 Plan also provides for the granting of restricted shares of common stock subject to vesting requirements. As of October 31, 2010, a total of 1,136 shares of our common stock remained available for future grants under the 2002 Plan.

At our 2009 Annual Meeting of Stockholders held on October 9, 2009, our stockholders approved the 2009 Plan, which provides for the grant of stock-based incentives. The 2009 Plan allows for the grant of up to 1,200,000 shares of our common stock for awards to our officers, directors, employees and consultants. The 2009 Plan provides for the grant of incentive stock options, nonqualified stock options, restricted stock rights, restricted stock, performance share units, performance shares, performance cash awards, stock appreciation rights, and stock grant awards. The 2009 Plan also permits the grant of awards that qualify for the performance-based compensation exception to the \$1,000,000 limitation on the deduction of compensation imposed by Section 162(m) of the Code. As of October 31, 2010, a total of 202,432 shares of our common stock remained available for future grants under the 2009 Plan.

In addition to the stock options issued pursuant to the Company's two stock option plans, the Company has granted warrants to employees, officers, non-employee directors and consultants. The warrants are generally not subject to vesting requirements and have ten-year terms.

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The following table sets forth certain information as of October 31, 2010 concerning the Company's common stock that may be issued upon the exercise of options or warrants or pursuant to purchases of stock under the 2002 Plan, the 2009 Plan, and other stock based compensation:

<b>Plan Category</b>	<b>(a) Number of Securities to be Issued Upon the Exercise of Outstanding Options and Warrants</b>	<b>(b) Weighted-Average Exercise Price of Outstanding Options and Warrants</b>	<b>(c) Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))</b>
Equity compensation plans approved by stockholders	1,441,927	\$ 1.09	203,568
Equity compensation plans not approved by stockholders(1)	312,855	\$ 8.31	N/A
	1,754,782	\$ 2.38	203,568

(1) In the past the Company has issued warrants to purchase 327,415 shares of common stock in exchange for services provided to the Company, of which warrants to purchase 312,855 shares of common stock are outstanding. The exercise prices ranged from \$2.80 to \$10.80 and generally vested upon issuance. As of October 31, 2010, there were 16,667 unvested warrants. Other than the officers and directors described below, six consultants received warrants to purchase 85,234 shares of common stock in this manner. The following current and former officers and directors also received warrants to purchase the following number of shares of common stock:

Larry Stambaugh, President, Chief Executive Officer and Chairman	50,000	(16,667 unvested)
Bret Bollinger, Vice President of Operations	21,220	
Dee Kelly, Former Chief Financial Officer	33,150	
Kenneth Carlson, Former Vice President of Sales and Marketing	28,700	(6,500 exercised)
Adam Michelin, Director	25,755	
Thomas Fischer, Former Director	26,710	
Carlton Johnson, Director	778	
Gary Cannon, Former Director and Former Legal Counsel	34,253	(5,140 exercised)
Peter Berry, Former Director	5,240	
Stephen Scott, Former Director	16,375	(2,920 exercised)

**Reverse Stock Split**

On February 5, 2010, we effected a 10-for-1 reverse stock split of all of our issued and outstanding shares of common stock (the Reverse Stock Split) by filing a Certificate of Amendment to Amended and Restated Articles of Incorporation with the Secretary of State of Nevada. The par value and number of authorized shares of our common

stock remained unchanged. The number of shares and per share amounts included in the consolidated financial statements and the accompanying notes have been adjusted to reflect the Reverse Stock Split retroactively. Unless otherwise indicated, all references to number of shares, per share amounts and earnings per share information contained in this prospectus give effect to the Reverse Stock Split.

**DETERMINATION OF OFFERING PRICE**

The securities may be sold in one or more transactions at prevailing market prices at the time of the sale on the over-the counter bulletin board or at privately negotiated prices determined at the time of sale.

**DILUTION**

We are not selling any of the shares of common stock in this offering. All of the shares sold in this offering will be held by the Selling Security Holders at the time of the sale, so that no dilution will result from the sale of the shares.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**Forward-Looking Statements**

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes that appear elsewhere in this prospectus. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this prospectus, particularly in Risk Factors.*

**General Overview**

We are a provider of an innovative cold chain frozen shipping system dedicated to providing superior, affordable cryogenic shipping solutions that ensure the safety, status and temperature, of high value, temperature sensitive materials. We have developed cost effective reusable cryogenic transport containers (referred to as shippers ) capable of transporting biological, environmental and other temperature sensitive materials at temperatures below minus 150° Celsius. These dry vapor shippers are one of the first significant alternatives to dry ice shipping and achieve 10-plus day holding times compared to one to two day holding times with dry ice.

Our value proposition comes from providing both safe transportation and an environmentally friendly, long lasting shipper, and through our value added services that offer a simple, hassle-free solution for our customers. These value-added services include an internet-based web portal that enables the customer to initiate scheduling, shipping and tracking of the progress and status of a shipment, and provides in-transit temperature and custody transfer monitoring services of the shipper. The CryoPort service also provides a fully ready charged shipper containing all freight bills, customs documents and regulatory paperwork for the entire journey of the shipper to our customers at their pick up location.

Our principal focus has been the further development and commercial launch of CryoPort Express® Portal, an innovative IT solution for shipping and tracking high-value specimens through overnight shipping companies, and our CryoPort Express® Shipper, a dry vapor cryogenic shipper for the transport of biological and pharmaceutical materials. A dry vapor cryogenic shipper is a container that uses liquid nitrogen in dry vapor form, which is suspended inside a vacuum insulated bottle as a refrigerant, to provide storage temperatures below minus 150° Celsius. The dry vapor shipper is designed using innovative, proprietary, and patented technology which prevents spillage of liquid nitrogen and pressure build up as the liquid nitrogen evaporates. A proprietary foam retention system is employed to ensure that liquid nitrogen stays inside the vacuum container, even when placed upside-down or on its side, as is often the case when in the custody of a shipping company. Biological specimens are stored in a specimen chamber, referred to as a well, inside the container and refrigeration is provided by harmless cold nitrogen gas evolving from the liquid nitrogen entrapped within the foam retention system surrounding the well. Biological specimens transported using our cryogenic shipper can include clinical samples, diagnostics, live cell pharmaceutical products (such as cancer vaccines, semen and embryos, infectious substances) and other items that require and/or are protected through continuous exposure to frozen or cryogenic temperatures (below minus 150° Celsius).

During our early years, our limited revenue was derived from the sale of our reusable product line. Our current business plan focuses on per-use leasing of the shipping container and added-value services that will be used by us to provide an end-to-end and cost-optimized shipping solution to life science companies moving pharmaceutical and biological samples in clinical trials and pharmaceutical distribution.

We have incurred losses since inception and had an accumulated deficit of \$48,782,434 through September 30, 2010.

**Going Concern**

As reported in the Report of Independent Registered Public Accounting Firm to our March 31, 2010 and 2009 consolidated financial statements, we have incurred recurring losses and negative cash flows from operations since inception. These factors, among others, raise substantial doubt about our ability to continue as a going concern.

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There are significant uncertainties which negatively affect our operations. These are principally related to (i) the expected ramp up of sales of the new CryoPort Express<sup>®</sup> System, (ii) the absence of any commitment or firm orders from key customers in our target markets, (iii) the success in bringing additional products currently under development to market with our key customers, and (iv) risks associated with scaling company operations to meet demand. Moreover, there is no assurance as to when, if ever, we will be able to conduct our operations on a profitable basis. Our limited historical sales for our reusable product, limited introductory sales to date of the CryoPort Express<sup>®</sup> System and the lack of any purchase requirements in our existing distribution agreements, make it impossible to identify any trends in our business prospects.

We have not generated significant revenues from operations and have no assurance of any future revenues. We generated revenues from operations of \$117,956, incurred a net loss of \$5,651,561 and used cash of \$2,853,359 in our operating activities during the year ended March 31, 2010. We generated revenues from operations of \$275,869, had a net loss of \$2,838,625 and used cash of \$2,232,478 in our operating activities during the six months ended September 30, 2010. We had working capital of \$1,993,844, and had cash and cash equivalents of \$3,745,745 at September 30, 2010. Currently management has projected that cash on hand, including the gross proceeds from our private placement in August 2010 to October 2010, will be sufficient to allow us to continue our operations into the first quarter of our fiscal year 2012 until more significant funding can be secured. These matters raise substantial doubt about our ability to continue as a going concern.

**Results of Operations**

The following table sets forth, for the periods indicated, certain information derived from our consolidated statements of operations.

	Years Ended March 31,			Six Months Ended September 30,	
	2010 ( 000)	2009 ( 000)	2008 ( 000)	2010 ( 000)	2009 ( 000)
				(Unaudited)	
Revenues	\$ 118	\$ 35	\$ 84	\$ 276	\$ 22
Cost of revenues	718	546	386	773	326
Gross loss	(600)	(511)	(302)	(497)	(304)
Cost and expenses:					
Selling, general and administrative	3,312	2,387	2,551	2,057	1,507
Research and development	285	297	166	237	181
Total cost and expenses	3,597	2,684	2,717	2,294	1,688
Loss from operations	(4,197)	(3,195)	(3,019)	(2,791)	(1,992)
Other income (expense):					
Interest income	8	32	50	7	4
Interest expense	(7,029)	(2,693)	(1,593)	(296)	(4,143)
Loss on sale of property and equipment	(9)				(1)
Change in fair value of derivative liabilities	5,577			243	(1,402)
Loss on extinguishment of debt		(10,847)			
Total other (expense) income, net	(1,453)	(13,508)	(1,543)	(46)	(5,542)
Loss before income taxes	(5,650)	(16,703)	(4,562)	(2,837)	(7,534)

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Income taxes	2	2	2	2	2
Net loss	\$ (5,652)	\$ (16,705)	\$ (4,564)	\$ (2,839)	\$ (7,536)
Net loss available to common stockholders per common share:					
Basic and diluted loss per common share	\$ (1.13)	\$ (4.05)	\$ (1.16)	\$ (0.31)	\$ (1.69)
Weighted average common shares outstanding:					
Basic and diluted (after giving effect to the anticipated 10-to-1 reverse stock split)	5,011,057	4,123,819	3,942,512	9,213,355	4,455,596



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*Revenues.* Net revenues were \$275,869 for the six months ended September 30, 2010, as compared to \$22,181 for the six months ended September 30, 2009. The increase of \$253,688 or 1,144% was the result of our current business plan focusing on per-use leasing of the shipping container and added-value services that will be used by us to provide an end-to-end and cost-optimized shipping solution to life science companies moving pharmaceutical and biological samples in clinical trials and pharmaceutical distribution.

*Gross loss and cost of revenues.* Gross loss for the six months ended September 30, 2010 was 180% of net revenues, or \$496,883 as compared to 1,372% of net revenues, or \$304,263, for the six months ended September 30, 2009. The increase in gross loss in absolute dollars and the decrease in gross loss as a percentage of net revenues for the six months ended September 30, 2010, as compared to the six months ended September 30, 2009, was primarily the result of the increase in net revenues from the per-use leasing of the shipping containers. The increase in cost of revenues from \$326,444 for the six month period ended September 30, 2009 to \$772,752 for the six month period ended September 30, 2010, was primarily the result of increased net revenues. The cost of revenues exceeded net revenues due to fixed manufacturing costs and plant underutilization.

*Selling, general and administrative expenses.* Selling, general and administrative expenses were \$2,057,569 for the six months ended September 30, 2010, as compared to \$1,507,502 for the six months ended September 30, 2009. The \$550,067 increase in expenses over prior year was due to a \$328,663 or 25% increase in general and administrative expenses from \$1,313,284 for the six month period ended September 30, 2009, to \$1,641,947 for the six month period ended September 30, 2010, and by a \$221,404 or 114% increase in sales and marketing expenses from \$194,218 for the six month period ended September 30, 2009, to \$415,622 for the six month period ended September 30, 2010. The increase in general and administrative expenses was due to increased salaries expense from the addition of two employees and estimated bonus accrual for fiscal year 2011, legal and travel expense associated with our strategic partnering activities, accounting and investor relations expense, director fees and San Diego facility rent. These increases were partially offset by decreases in consulting fees (partially related to the increase in salaries expense), audit and SEC fees. The increase in sales and marketing expenses reflected our focus on market development and sales ramp up of the CryoPort Express(R) System.

*Research and development expenses.* Research and development expenses were \$236,635 for the six months ended September 30, 2010, as compared to \$180,791 for the six months ended September 30, 2009. The increase in research and development expenses of \$55,844 was due primarily to the costs associated with the continued development of the Internet-based web portal that enables the customer to initiate and monitor the progress of a shipment.

*Interest expense.* Interest expense was \$296,160 for the six months ended September 30, 2010, as compared to \$4,143,256 for the six months ended September 30, 2009. The decrease in interest expense compared to the prior year period was primarily due to the conversion of our convertible notes payable of \$1,381,500 and a portion of our convertible debentures of \$2,714,430 into common stock in February 2010, and the corresponding reduction in debt discount amortization and interest expense. Interest expense for the six months ended September 30, 2010 included accrued interest on our Related Party notes payable \$29,598 and amortization of the debt discount \$250,481. Interest expense for the six months ended September 30, 2009 included \$3,737,569 of amortized debt discount, \$25,579 of amortized financing fees, and \$380,108 of accrued interest, primarily related to the convertible debentures issued in October 2007, May 2008 and the Private Placement Debentures that were issued during the six month period ended September 30, 2009. These increases were partially offset by a reduction in interest expense for related party notes payable and notes payable to officers as the result of the payments made against the principal note balances.

*Interest income.* Interest income was \$7,349 for the six month period ended September 30, 2010 as compared to \$3,714 for the six month period ended September 30, 2009. Current interest income included the impact of increased cash balances related to the funds received in connection with the Company's August 2010 financing and the February 25, 2010 public offering. Prior year interest income included the impact of increased cash balances related to the funds received in connection with the convertible notes payable issued in March through September 2009.

*Change in fair value of derivative liabilities.* The gain on the change in fair value of derivative liabilities was \$242,873 for the six months ended September 30, 2010, compared to a loss of \$1,401,550 for the six months ended September 30, 2009. The gain of \$242,873 for the six months ended September 30, 2010 was the result of a decrease

in the fair value of our warrant derivatives, due primarily to a decrease in our stock price. The loss of \$1,401,550 for the six months ended September 30, 2009, which was the result of an increase in the value of our warrant derivatives

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and the embedded conversion feature derivatives related to our debt, was due primarily to an increase in our stock price.

*Net loss.* As a result of the factors described above, net loss for the six months ended September 30, 2010 decreased by \$4,697,420 to \$2,838,625 or (\$0.31) per share compared to a net loss of \$7,536,045 or (\$1.69) per share for the six months ended September 30, 2009.

***Years Ended March 31, 2010 and 2009***

*Revenues.* Net revenues were \$117,956 in fiscal 2010, as compared to \$35,124 in fiscal 2009. The low revenues in these years were primarily due to the Company's shift initiated in mid-2006 in its sales and marketing focus from the reusable shipper product line. The Company discontinued sales of the reusable shippers to allow resources to focus on further development and launch of the CryoPort Express® System and its introduction into the biopharmaceutical industry sector during fiscal 2009, which resulted in the increase in sales period over period. The slow increase in shipper revenues during the two fiscal years was also the result of delays in the Company securing adequate funding for the manufacturing and full commercialization of the CryoPort Express® System.

*Gross loss and cost of revenues.* Gross loss for 2010 was 508%, or \$599,754 as compared to 1,455%, or \$511,028, for fiscal 2009. The decrease in gross loss in fiscal 2010 as compared to fiscal 2009 was primarily the result of the increase in revenues from per-use leasing of the shipping containers. During both periods, cost of sales exceeded sales due to fixed manufacturing costs and plant underutilization.

Cost of revenues was \$717,710 in fiscal 2010, as compared to \$546,152 in fiscal 2009. The increase in costs of revenues sold during each of the two years is primarily the result of the write off due to the discontinuation of the reusable shippers and increased focus on the CryoPort Express® System. During both periods, cost of sales exceeded sales due to fixed manufacturing costs and plant underutilization.

*Research and development expenses.* Research and development expenses were \$284,847 in fiscal 2010, \$297,378 in fiscal 2009. and Current period expenses included consulting costs associated with software development for the web based system to be used with the CryoPort Express® Shipper, and other research and development activity related to the CryoPort Express® System, as the Company strove to develop improvements in both the manufacturing processes and product materials for the purpose of achieving additional product cost efficiencies.

*Selling, general and administrative expenses.* Selling, general and administrative expenses were \$3,312,635 in fiscal 2010, \$2,387,287 in fiscal 2009. The \$925,348 increase in fiscal 2010 as compared to fiscal 2009 was primarily attributable to higher general and administrative expenses associated with an increase in salaries and wages of \$485,000 and consulting fees of \$435,000 associated with the Company's strategic partnering activities and debt restructuring.

*Stock-based compensation costs.* Total stock-based compensation costs for the years ended March 31, 2010 and 2009 were \$559,561 and \$289,497, respectively. During the year ended March 31, 2010, we granted options to employees and directors to purchase 190,553 shares of common stock and warrants to purchase 21,000 shares of common stock at a weighted average exercise price of \$3.53 per share. The exercise prices of options and warrants were equal to the fair market value of our common stock at the time of grant.

*Interest income.* Interest income was \$8,164 in fiscal 2010 and \$32,098 in fiscal 2009. The decrease in interest income in fiscal 2010 was primarily attributable to the overall reduction in interest rates and lower cash balances.

*Interest expense.* Interest expense was \$7,028,684 in fiscal 2010, \$2,693,383 in fiscal 2009. Interest expense in fiscal 2010 included amortization of debt discount of \$6,417,346 and amortized financing fees of \$159,516, primarily due to the convertible debentures issued in October 2007, May 2008 and the Private Placement Debentures.

*Loss on extinguishment of debt.* The loss on extinguishment of debt of \$10,846,573 in fiscal 2009 is due to the resulting change in valuation of the debt and related warrants associated with amendments to the October 2007

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Debentures entered into in April 2008, August 2008 and January 2009 and the change in valuation of the debt and related warrants associated with the January 2009 amendment to the May 2008 Debentures. The loss consists of a combined total loss on extinguishment of debt on the October 2007 Debentures of \$9,449,498 and \$1,397,075 on the May 2008 Debenture. There was no loss on extinguishment of debt during the year ended March 31, 2010.

*Gain (loss) on derivative valuation.* Derivative valuation was a gain of \$5,576,979 in fiscal 2010. In fiscal 2010, the gain was due to an adoption of a new accounting principle, which resulted in a reclassification of the fair value of warrants and embedded conversion features from equity to derivative liabilities that are marked to fair value at each reporting period. The impact of the change in accounting principle and change in market value of the derivative liabilities during the current period resulted in the recognition of a gain.

*Income taxes.* We incurred net operating losses for the years ended March 31, 2010 and 2009 and consequently did not pay any federal, state or foreign income taxes. At March 31, 2010, we had federal and state net operating loss carryforwards of approximately \$27,463,000 and \$27,621,000, respectively, which we have fully reserved due to the uncertainty of realization. Our federal tax loss carryforwards will begin to expire in fiscal 2019, unless utilized. Our California tax loss carryforwards will begin to expire in fiscal 2013, unless utilized. We also have federal and California research tax credit carryforwards of approximately \$14,000 and \$13,000, respectively. Our federal research tax credits will begin to expire in fiscal 2026, unless utilized. Our California research tax credit carryforwards do not expire and will carryforward indefinitely until utilized.

**Liquidity and Capital Resources**

As of September 30, 2010, we had cash and cash equivalents of \$3,745,745 and working capital of \$1,993,844. Our working capital at September 30, 2010 included \$91,490 of derivative liabilities, the balance of which represented the fair value of warrants issued to consultants and convertible note holders which were reclassified from equity during our fiscal year 2010. As of March 31, 2010, we had cash and cash equivalents of \$3,629,886 and working capital of \$1,994,934. Historically, we have financed our operations primarily through sales of our debt and equity securities. Since March 2005 through June 2010, we have received net proceeds of approximately \$15.7 million from sales of our common stock and the issuance of promissory notes, warrants and debt. From August 2010 to October 2010, we conducted a private placement financing to institutional and accredited investors resulting in the issuance of units consisting of 5,532,418 shares of common stock and warrants to purchase 5,532,418 shares of common stock at an exercise price of \$0.77, for gross cash proceeds of \$3,872,702 and net cash proceeds of \$3,566,850 (of which gross cash proceeds of \$3,289,701 and net cash proceeds of \$3,027,160 were received during the quarter ended September 30, 2010). Each unit consisting of one share, together with one warrant to purchase one share, was priced at \$0.70. Certain investors that had invested in our public offering that was completed on February 25, 2010 were issued additional warrants with the same terms to purchase 448,333 shares of common stock in connection with this private placement. We paid a 7% fee to the placement agents in the aggregate amount of \$271,089 and issued warrants to purchase an aggregate of 774,542 shares of our common stock, at an exercise price of \$0.77, which are immediately exercisable and have a term of five years. We incurred additional legal and accounting fees of \$36,207 in connection with the first round of financing.

For the six months ended September 30, 2010, we used \$2,232,478 of cash for operations primarily as a result of the net loss of \$2,838,625 which included a non-cash gain of \$242,873 due to the change in valuation of our derivative liabilities and non-cash expenses of \$250,481 and \$339,444 due to discount amortization related to our convertible debt instruments and the fair value of stock options and warrants, respectively. Offsetting the cash impact of our net operating loss (excluding non-cash items), was an increase in accrued compensation of \$138,568 related to our staff increases and estimated bonuses for fiscal year 2011 and a decrease of \$40,699 in prepaid expenses. These items were offset primarily due to a decrease in accounts payable of \$84,605.

Net cash used in investing activities totaled \$345,021 during the six months ended September 30, 2010, and was attributable to the purchase of property and equipment of \$271,079 and the purchase of intangible assets of \$73,942.

Net cash provided by financing activities totaled \$2,693,358 during the six months ended September 30, 2010, which resulted from the \$3,027,160 net proceeds received from the first closing of our private placement which occurred in August 2010 and partially offset by payments of deferred financing fees and related party notes payable. In addition, we received \$255,000 in connection with the second round of a private placement financing, which



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closed October 14, 2010. As such, the \$255,000 is restricted cash at September 30, 2010 and recorded as a liability to investors.

On October 19, 2010, we secured a one-year renewal of our Line of Credit for the amount of \$90,000 which is secured by a \$90,000 Certificate of Deposit with Bank of the West. All borrowings under our revolving line of credit bear variable interest based on either the prime rate plus 1.5% per annum (totaling 4.75% as of September 30, 2010) or 5.0%, whichever is higher.

As a result of the private placement, we had aggregate cash and cash equivalents of \$3,745,745 as of September 30, 2010. Management has estimated that cash on hand as of September 30, 2010 will be sufficient to allow us to continue our operations only into the first quarter of our fiscal year 2012. Our management recognizes that we must obtain additional capital for the achievement of sustained profitable operations. Management's plans include obtaining additional capital through equity and debt funding sources; however, no assurance can be given that additional capital, when needed, will be available when required or upon terms acceptable to us.

**Contractual Obligations and Commitments**

The following summarizes our contractual obligations at October 31, 2010, and the effects such obligations are expected to have on liquidity and cash flow in future periods (in thousands):

	<b>Total</b>	<b>Payments Due by Period</b>			
		<b>Less Than 1 Year</b>	<b>1-3 Years</b>	<b>3-5 Years</b>	<b>More Than 5 Years</b>
Operating Lease Obligations	\$ 476	\$ 117	\$ 194	\$ 165	\$
Convertible Debentures	3,231	1,800	1,431		
Related Party Notes Payable	1,587	142	192	1,253	
<b>Total:</b>	<b>\$ 5,294</b>	<b>\$ 2,059</b>	<b>\$ 1,817</b>	<b>\$ 1,418</b>	<b>\$</b>

*Impact of Inflation.* From time to time, CryoPort experiences price increases from third party manufacturers and these increases cannot always be passed on to CryoPort's customers. While these price increases have not had a material impact on CryoPort's historical operations or profitability in the past, they could affect revenues in the future.

**Critical Accounting Policies and Estimates**

Management's discussion and analysis of financial condition and results of operations, as well as disclosures included elsewhere in this prospectus, are based upon our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. Our significant accounting policies are described in the notes to the audited consolidated financial statements contained elsewhere in this prospectus. Included within these policies are our critical accounting policies. Critical accounting policies are those policies that are most important to the preparation of our consolidated financial statements and require management's most subjective and complex judgment due to the need to make estimates about matters that are inherently uncertain. Although we believe that our estimates and assumptions are reasonable, actual results may differ significantly from these estimates. Changes in estimates and assumptions based upon actual results may have a material impact on our results of operations and/or financial condition.

We believe that the critical accounting policies that most impact the consolidated financial statements are as described below.

**Revenue Recognition**

The Company provides shipping containers to their customers and charges a fee in exchange for the use of the shipper. The Company's arrangements are similar to the accounting standard for leases since they convey the right to use the shippers over a period of time. The Company retains title to the shippers and provides its customers the

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use of the shipper for a specified shipping cycle. At the culmination of the customer's shipping cycle, the shipper is returned to the Company.

The Company recognizes revenue for the use of the shipper at the time of the delivery of the shipper to the end user of the enclosed materials and at the time that collectability is reasonably certain.

***Inventory***

The Company's inventory consists of accessories that are sold and shipped to customers along with pay-per-use containers and are not returned to the Company along with the containers at the culmination of the customer's shipping cycle. Inventories are stated at the lower of standard cost or current estimated market value. Cost is determined using the standard cost method which approximates the first-in, first-to-expire method.

In fiscal year 2010, the Company changed its business plan and now provides shipping containers to its customers and charges a fee in exchange for the use of the container. The Company's arrangements are similar to the accounting standard for leases since they convey the right to use the containers over a period of time. The Company retains title to the containers and provides its customers the use of the container for a specified shipping cycle. At the culmination of the customer's shipping cycle, the container is returned to the Company. As a result, during the quarter ended September 30, 2009, the Company reclassified the containers from inventory to fixed assets upon commencement of the per-use container program.

***Property and Equipment***

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation and amortization of fixed assets are provided using the straight-line method over the following useful lives:

Cryogenic Shippers	3 years
Furniture and fixtures	7 years
Machinery and equipment	5-7 years
Leasehold improvements	Lesser of lease term or estimated useful life

Betterments, renewals and extraordinary repairs that extend the lives of the assets are capitalized; other repairs and maintenance charges are expensed as incurred. The cost and related accumulated depreciation and amortization applicable to assets retired are removed from the accounts, and the gain or loss on disposition is recognized in current operations.

***Intangible Assets***

Intangible assets comprise patents and trademarks and software development costs. The Company capitalizes costs of obtaining patents and trademarks which are amortized, using the straight-line method over their estimated useful life of five years. The Company capitalizes certain costs related to software developed for internal use. Software development costs incurred during the preliminary or maintenance project stages are expensed as incurred, while costs incurred during the application development stage are capitalized and amortized using the straight-line method over the estimated useful life of the software, which is five years. Capitalized costs include purchased materials and costs of services including the valuation of warrants issued to consultants.

***Impairment of Long-Lived Assets***

The Company assesses the recoverability of its long-lived assets by determining whether the depreciation and amortization of long-lived assets over their remaining lives can be recovered through projected undiscounted cash flows. The amount of long-lived asset impairment is measured based on fair value and is charged to operations in the period in which long-lived asset impairment is determined by management. Manufacturing fixed assets are subject to obsolescence potential as result of changes in customer demands, manufacturing process changes and changes in materials used. The Company is not currently aware of any such changes that would cause impairment to the value of its manufacturing fixed assets.

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### ***Stock-based Compensation***

We recognize compensation costs for all stock-based awards made to employees and directors. The fair value of stock-based awards is estimated at grant date using an option pricing model and the portion that is ultimately expected to vest is recognized as compensation cost over the requisite service period.

We use the Black-Scholes option-pricing model to estimate the fair value of stock-based awards. The determination of fair value using the Black-Scholes option-pricing model is affected by our stock price as well as assumptions regarding a number of complex and subjective variables, including expected stock price volatility, risk-free interest rate, expected dividends and projected employee stock option exercise behaviors. We estimate the expected term based on the contractual term of the awards and employees' exercise and expected post-vesting termination behavior.

All transactions in which goods or services are the consideration received by non-employees for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date used to determine the fair value of the equity instrument issued is the earlier of the date on which the third-party performance is complete or the date on which it is probable that performance will occur.

### ***Derivative Liabilities***

Effective April 1, 2009, certain of the Company's issued and outstanding common stock purchase warrants and embedded conversion features previously treated as equity pursuant to the derivative treatment exemption were no longer afforded equity treatment, and the fair value of these common stock purchase warrants and embedded conversion features, some of which have exercise price reset features and some that were issued with convertible debt, was reclassified from equity to liability status as if treated as derivative liabilities since their dates of issue. The common stock purchase warrants were not issued with the intent of effectively hedging any future cash flow, fair value of any asset, liability or any net investment in a foreign operation. The warrants do not qualify for hedge accounting, and as such, all future changes in the fair value of these warrants are recognized currently in earnings until such time as the warrants are exercised, expire or the related rights have been waived. These common stock purchase warrants do not trade in an active securities market, and as such, the Company estimates the fair value of these warrants using the Black-Scholes option pricing model.

### ***Convertible Debentures***

If a conversion feature of conventional convertible debt is not accounted for as a derivative instrument and provides for a rate of conversion that is below market value, this feature is characterized as a beneficial conversion feature (BCF). A BCF is recorded by the Company as a debt discount. In those circumstances, the convertible debt will be recorded net of the discount related to the BCF. The Company amortizes the discount to interest expense over the life of the debt using the effective interest method.

### ***Deferred Financing Costs***

Deferred financing costs represent costs incurred in connection with the issuance of the convertible notes payable and private equity financing. Deferred financing costs are being amortized over the term of the financing instrument on a straight-line basis, which approximates the effective interest method or netted against the gross proceeds received from equity financing.

### ***Income Taxes***

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided for certain deferred tax assets if it is more likely than not that the Company will



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not realize tax assets through future operations. The Company is a subchapter C corporation and files a federal income tax return. The Company files separate state income tax returns for California and Nevada. It is not anticipated that there will be a significant change in the unrecognized tax benefits over the next 12 months.

***Adoption of New Accounting Principle***

In June 2008, the EITF issued guidance to address concerns regarding the meaning of indexed to an entity's own stock as outlined in the accounting guidance for derivative instruments and hedging activities. Equity-linked instruments (or embedded features) that otherwise meet the definition of a derivative are not accounted for as derivatives if certain criteria are met, one of which is that the instrument (or embedded feature) must be indexed to the entity's own stock. Guidance is provided on how to determine if equity linked instruments (or embedded features) such as warrants to purchase our stock and convertible notes are considered indexed to our stock. Our warrant and convertible-debt agreements contained adjustment (or ratchet) provisions in the agreements, and accordingly, we determined that these instruments were not indexed to our common stock. As a result, we were required to account for these instruments as derivatives or liabilities. We adopted the guidance beginning April 1, 2009, and applied the provisions to outstanding instruments as of that date. The cumulative effect at April 1, 2009 to record, at fair value, a liability for the warrants and embedded conversion feature, including the effects on the discounts on the convertible notes of \$2,595,095, resulted in an aggregate reduction to equity of \$13,875,623, consisting of a reduction to additional paid-in capital of \$4,217,730 and an increase in the accumulated deficit of \$9,657,893 to reflect the change in the accounting. Under the new guidance our warrants and embedded conversion features will be carried at fair value and adjusted quarterly through earnings.

***New Accounting Pronouncements***

In August 2010, the FASB issued amended guidance on measuring liabilities at fair value, and provided clarification of a circumstance in which a quoted price in an active market for an identical liability is not available. A reporting entity is required to measure fair value using one or more of the following methods: 1) a valuation technique that uses a) the quoted price of the identical liability when traded as an asset or b) quoted prices for similar liabilities (or similar liabilities when traded as assets) and/or 2) a valuation technique that is consistent with the principles under current guidance for fair value measurement. The amended guidance also clarifies that when estimating the fair value of a liability, a reporting entity is not required to adjust to include inputs relating to the existence of transfer restrictions on that liability. The adoption did not have a material impact on our consolidated financial statements.

In February 2010, the FASB issued amended guidance on subsequent events. Under this amended guidance, U.S. Securities and Exchange Commission, or SEC, filers are no longer required to disclose the date through which subsequent events have been evaluated in originally issued and revised financial statements. This guidance was effective immediately and we adopted these new requirements upon issuance of this guidance.

In January 2010, the FASB issued updated standards related to additional requirements and guidance regarding disclosures of fair value measurements. The guidance requires the gross presentation of activity within the Level 3 fair value measurement roll forward and details of transfers in and out of Level 1 and 2 fair value measurements. In addition, companies will be required to disclose quantitative information about the inputs used in determining fair values. We adopted these standards on April 1, 2010. The adoption did not have a material impact on our unaudited condensed consolidated financial statements.

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**BUSINESS**

**Overview**

We are a provider of an innovative cold chain frozen shipping system dedicated to providing superior, affordable cryogenic shipping solutions that ensure the safety, status and temperature, of high value, temperature sensitive materials. We have developed cost effective reusable cryogenic transport containers (referred to as shippers ) capable of transporting biological, environmental and other temperature sensitive materials at temperatures below minus 150° Celsius. These dry vapor shippers and shipping system are one of the first significant alternatives to dry ice shipping and achieve 10-plus day holding times compared to one to two day holding times with dry ice.

Our value proposition comes from both providing safe transportation with an environmentally friendly, long lasting shipper, and through our value added services that offer a simple hassle-free solution for our customers. These value-added services include an internet-based web portal that enables the customer to initiate scheduling, shipping and tracking of the progress and status of a shipment, and provides in-transit temperature and custody transfer monitoring services of the shipper. The CryoPort service also provides a fully ready charged shipper containing all freight bills, customs documents and regulatory paperwork for the entire journey of the shipper to our customers at their pickup and delivery locations.

Our principal focus has been the further development and commercial launch of CryoPort Express® Portal, an innovative IT solution for shipping and tracking high-value specimens through overnight shipping companies, and our CryoPort Express® Shipper, a dry vapor cryogenic shipper for the transport of biological and pharmaceutical materials. A dry vapor cryogenic shipper is a container that uses liquid nitrogen in dry vapor form, which is suspended inside a vacuum insulated bottle as a refrigerant, to provide storage temperatures below minus 150° Celsius. The dry vapor shipper is designed using innovative, proprietary, and patented technology which prevents spillage of liquid nitrogen and pressure build up as the liquid nitrogen evaporates. A proprietary foam retention system is employed to ensure that liquid nitrogen stays inside the vacuum container, even when placed upside-down or on its side, as is often the case when in the custody of a shipping company. Biological specimens are stored in a specimen chamber, referred to as a well, inside the container and refrigeration is provided by harmless cold nitrogen gas evolving from the liquid nitrogen entrapped within the foam retention system surrounding the well. Biological specimens transported using our cryogenic shipper can include clinical samples, diagnostics, live cell pharmaceutical products (such as cancer vaccines, semen and embryos, infectious substances) and other items that require and/or are protected through continuous exposure to frozen or cryogenic temperatures.

During our early years, our limited revenue was derived from the sale of our reusable product line. Our current business plan focuses on per-use leasing of the shipping container and added-value services that will be used by us to provide an end-to-end and cost-optimized shipping solution to life science companies moving pharmaceutical and biological samples in clinical trials and pharmaceutical distribution.

On January 13, 2010 we signed an agreement with Federal Express Corporation ( FedEx ) pursuant to which we will lease to FedEx such number of our cryogenic shippers that FedEx shall, from time to time, order for its customers. Under this agreement, FedEx has the right to and shall, on a non-exclusive basis, promote, market and sell transportation of our shippers and our related value-added goods and services, such as our data logger, web portal and planned CryoPort Express® Smart Pak System. On September 2, 2010 we entered into an agreement with DHL Express (USA), Inc. ( DHL ) that will give DHL life science customers direct access to our web-based order entry and tracking portal to order our CryoPort Express® Shipper and receive preferred DHL shipping rates. The agreement covers CryoPort shipping discounts that may be used to support our customers using the CryoPort Express® shipping solution. In connection with the agreement, we will integrate our proprietary web portal to DHL s tracking and billing systems. Once this integration is completed, DHL life science customers will have a seamless way of shipping their critical biological material worldwide. The IT integration with DHL is expected to be completed in December 2010.. During our third quarter we commenced joint calls with FedEx healthcare representatives to potential customers in key U.S. life science communities to both train FedEx representatives on the CryoPort Express® features and to initiate customer orders under the FedEx agreement.

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### **Corporate History and Structure**

We are a Nevada corporation originally incorporated under the name G.T.5-Limited ( GT5 ) on May 25, 1990. In connection with a Share Exchange Agreement, on March 15, 2005 we changed our name to CryoPort, Inc. and acquired all of the issued and outstanding shares of common stock of CryoPort Systems, Inc., a California corporation, in exchange for 2,410,811 shares of our common stock (which represented approximately 81% of the total issued and outstanding shares of common stock following the close of the transaction). CryoPort Systems, Inc., which was originally formed in 1999 as a California limited liability company, and subsequently reorganized into a California corporation on December 11, 2000, remains the operating company under CryoPort, Inc. Our principal executive offices are located at 20382 Barents Sea Circle, Lake Forest, California 92630. The telephone number of our principal executive offices is (949) 470-2300, and our main corporate website is [www.cryoport.com](http://www.cryoport.com). The information on, or that can be accessed through, our website is not part of this prospectus.

### **Our Products and Pipeline**

Our product offering and service offering consists of our CryoPort Express® Shippers, reusable dry vapor shippers, the web portal allowing ease of entry and our Smart Pak data logger, a temperature monitoring system (which, together with our CryoPort Express® Shippers, comprise our new business model referred to as the CryoPort Express® System) and a containment bag which is used in connection with the shipment of infectious or dangerous goods using the CryoPort Express® Shipper.

#### ***The CryoPort Express® Shippers***

Our CryoPort Express® Shippers are cryogenic dry vapor shippers capable of maintaining cryogenic temperatures of minus 150° Celsius or below for a period of 10 or more days. A dry cryogenic shipper is a device that uses liquid nitrogen contained inside a vacuum insulated bottle which serves as a refrigerant to provide storage temperatures below minus 150° Celsius. Our CryoPort Express® shipper is designed to ensure that there is no pressure build up as the liquid nitrogen evaporates or spillage of liquid nitrogen. We have developed a proprietary foam retention system to ensure that liquid nitrogen stays inside the vacuum container, which allows the shipper to be designated as a dry shipper meeting International Air Transport Association ( IATA ) requirements. Biological or pharmaceutical specimens are stored in a specimen chamber, referred to as a well , inside the container and refrigeration is provided by cold nitrogen gas evolving from the liquid nitrogen entrapped within the foam retention system. Specimens that may be transported using our cryogenic shipper include live cell pharmaceutical products such as cancer vaccines, diagnostic materials, semen and embryos, infectious substances and other items that require continuous exposure to frozen or cryogenic temperatures (e.g., temperatures below minus 150° Celsius).

The technology underlying the CryoPort Express® Shipper was developed by modifying and advancing technology from our first generation of reusable cryogenic dry shippers. While our CryoPort Express® Shippers share many of the characteristics and basic design details of our earlier shippers, we are manufacturing our CryoPort Express® Shippers from alternative, lower cost and lower weight materials, which will reduce overall operating costs. We maintain ongoing development efforts related to our shippers which are principally focused on material properties, particularly those properties related to the low temperature requirement, the vacuum retention characteristics, such as the permeability of the materials, and lower cost and lower weight materials in an effort to meet the market needs for achieving a lower cost frozen and cryogenic shipping solution. Other advances additional to the development work on the cryogenic container include both an improved liquid nitrogen retention system and a secondary protective, spill proof packaging system. This secondary system, outer packaging has a low cost that lends itself to disposability, and it is made of recyclable materials. Further, it adds an additional liquid nitrogen retention capability to further assure compliance with IATA and ICAO regulations that prohibit egress of liquid nitrogen from the shipping package. ICAO stands for the International Civil Aviation Organization, which is a United Nations organization that develops regulations for the safe transport of dangerous goods by air.

Our CryoPort Express® Shippers are lightweight, low-cost, re-usable dry vapor liquid nitrogen storage containers that we believe combine the best features of packaging, cryogenics and high vacuum technology. A CryoPort Express® Shipper is composed of an aluminum metallic dewar flask, with a well for holding the biological material in the inner chamber. The dewar flask, or thermos bottle, is an example of a practical device in which the conduction, convection and radiation of heat are reduced as much as possible. The inner chamber of the shipper is



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surrounded by a high surface, low-density open cell plastic foam material which retains the liquid nitrogen in-situ by absorption, adsorption and surface tension. Absorption is defined as the taking up of matter in bulk by other matter, as in the dissolving of a gas by a liquid, whereas adsorption is the surface retention of solid, liquid or gas molecules, atoms or ions by a solid or liquid. This material absorbs liquid nitrogen several times faster than currently used materials, while providing the shipper with a hold time and capacity to transport biological materials safely and conveniently. The annular space between the inner and outer dewar chambers is evacuated to a very high vacuum (10-6 Torr). The specimen-holding chamber has a primary cap to enclose the specimens, and a removable and replaceable secondary cap to further enclose the specimen-holding container and to contain the liquid nitrogen. The entire dewar vessel is then wrapped in a plurality of insulating and cushioning materials and placed in a disposable outer packaging made of recyclable material.

We believe the CryoPort solution is the best and most cost effective solution available in the market that satisfies customer needs and regulatory requirements relating to the shipment of temperature-critical, frozen and refrigerated transport of biological materials, such as the pharmaceutical clinical trials, gene biotechnology, infectious materials handling, and animal and human reproduction markets. Due to our proprietary technology and innovative design, our shippers are less prone to losing functional hold time when not kept in an upright position than the competing products because such proprietary technology and innovative design prevent the spilling or leakage of the liquid nitrogen when the container is tipped or on its side which would adversely affect the functional hold time of the container.

An important feature of the CryoPort Express® Shippers is their compliance with the stringent packaging requirements of IATA Packing Instructions 602 and 650, respectively. These instructions include the internal pressure (hydraulic) and drop performance requirements.

***The CryoPort Express® System***

The CryoPort Express® System comprises the *CryoPort Express® Shipper*, the *CryoPort Express® Smart Pak* data logger, *CryoPort Express® Portal*, which programmatically manages order entry and all aspects of shipping operations, and *CryoPort Express® Analytics*, which monitors shipment performance metrics and evaluates temperature-monitoring data collected by the data logger during shipment. The CryoPort Express® System is focused on improving the reliability of frozen shipping while reducing the customers' overall operating costs. This is accomplished by providing a complete end-to-end solution for the transport and monitoring of frozen or cryogenically preserved biological or pharmaceutical materials shipped through overnight shipping companies. Certain of the intellectual property underlying the CryoPort Express® System (other than that related to the CryoPort Express® Shipper, has been, and continues to be, developed under a contract with an outside software development company, with the underlying technology licensed to us for exclusive use in our field of use.

**CryoPort Express® Portal**

The CryoPort Express® Portal is used by Cryoport, our customers and our business partners to automate the entry of orders, prepare customs documentation and to facilitate status and location monitoring of shipped orders while in transit. It is used by Cryoport to manage shipping operations and to reduce administrative costs typically provisioned through manual labor relating to order-entry, order processing, preparation of shipping documents and back-office accounting. It is also used to support the high level of customer service expected by the industry. Certain features of the CryoPort Express® Portal reduce operating costs and facilitate the scaling of Cryoport's business, but more importantly they offer significant value to the customer in terms of cost avoidance and risk mitigation. Examples of these features include automation of order entry, development of Key Performance Indicators ( KPI ) to support our efforts for continuous process improvements in our business, and programmatic exception monitoring to detect and sometimes anticipate delays in the shipping process, often before the customer or the shipping company becomes aware of them. In the future we will add rate and mode optimization and in-transit monitoring of temperature, location and state of health (discussed below), via wireless communications.

The CryoPort Express® Portal also serves as the communications nerve center for the management, collection and analysis of Smart Pak data harvested from Smart Pak data loggers in the field. Data is converted into pre-designed reports containing valuable and often actionable information that becomes the quality control standard or

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pedigree of the shipment. This high value information can be utilized by CryoPort to provide consultative services to the customer relating to cryogenics.

### **The CryoPort Express® Smart Pak**

Temperature monitoring is a high value feature from our customers perspective as it is an effective and reliable method to determine that the shipment materials were not damaged or degraded during shipment due to temperature fluctuations. Phase II of our Smart Pak System which is a self-contained automated data logger capable of recording the internal and external temperatures of samples shipped in our CryoPort Express® Shipper was launched in fiscal year 2010.

Phase III of our Smart Pak System is anticipated to launch in fiscal year 2011, and consists of adding a smart chip to each shipper with wireless connectivity to enable our customers to monitor a shipper's location, specimen temperature and overall state of health via our web portal. A key feature of the Phase III product is automatic downloading of data which requires no customer intervention.

### **CryoPort Express® Analytics**

Our continued development of the CryoPort Express® Portal is a strategic element of our business strategy and the CryoPort Express® Portal system has been designed to support planned future features with this thought in mind. Analytics is a term used by IT professionals to refer to performance benchmarks or Key Performance Indicators (KPI's) that management utilizes to measure performance against desired standards. Examples include time-based metrics for order processing time and on-time deliveries by our shipping partners, as well as profiling shipping lanes to determine average transit times and predicting an exception if a shipment is taking longer than it should based on historical metrics. The analytical results will be utilized by CryoPort to render consultative customer services.

### **Biological Material Holders**

We have also developed a patented containment bag which is used in connection with the shipment of infectious or dangerous goods using the CryoPort Express® Shipper. Up to five vials, watertight primary receptacles, are placed onto aluminum holders and up to fifteen holders (75 vials) are placed into an absorbent pouch which is designed to absorb the entire contents of all the vials in the event of leakage. This pouch containing up to 75 vials is then placed in a watertight secondary packaging Tyvek bag capable of withstanding cryogenic temperatures, and then sealed. This bag is then placed into the well of the cryogenic shipper.

### **Other Product Candidates and Development Activities**

We are continuing our research and development efforts which are expected to lead to the introduction of additional dry vapor shippers, including larger and smaller size units constructed of lower cost materials and utilizing high volume manufacturing methods. We are also exploring the use of alternative phase change materials in place of liquid nitrogen in order to seek entry into the ambient temperature and chilled (2° to 8° Celsius) shipping markets.

### **Government Regulation**

The shipping of diagnostic specimens, infectious substances and dangerous goods, whether via air or ground, falls under the jurisdiction of many states, federal and international agencies. The quality of the containers, packaging materials and insulation that protect a specimen determine whether or not it will arrive in a usable condition. Many of the regulations for transporting dangerous goods in the United States are determined by international rules formulated under the auspices of the United Nations. For example, the ICAO is the United Nations organization that develops regulations (Technical Instructions) for the safe transport of dangerous goods by air. If shipment is by air, compliance with the rules established by IATA is required. IATA is a trade association made up of airlines and air cargo couriers that publishes annual editions of the IATA Dangerous Goods Regulations. These regulations interpret and add to the ICAO Technical Instructions to reflect industry practices. Additionally, the CDC has regulations (published in the Code of Federal Regulations) for interstate shipping of specimens, and OSHA also addresses the safe handling of Class 6.2 Substances. Our CryoPort Express® Shipper meets Packing

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Instructions 602 and 650 and is certified for the shipment of Class 6.2 Dangerous Goods per the requirements of the ICAO Technical Instructions for the Safe Transport of Dangerous Goods by Air and IATA. Our present and planned future versions of the CryoPort Smart Pak data logger will likely be subject to regulation by FAA, FCC, FDA, IATA and possibly other agencies which may be difficult to determine on a global basis.

We are also subject to numerous other federal, state and local laws relating to such matters as safe working conditions, manufacturing practices, environmental protection, fire hazard control, and disposal of hazardous or potentially hazardous substances. We may incur significant costs to comply with such laws and regulations now or in the future.

**Manufacturing and Raw Materials**

*Manufacturing.* The component parts for our products are primarily manufactured at third party manufacturing facilities. We also have a warehouse at our corporate offices in Lake Forest, California, where we are capable of manufacturing certain parts and fully assemble our products. Most of the components that we use in the manufacture of our products are available from more than one qualified supplier. For some components, however, there are relatively few alternate sources of supply and the establishment of additional or replacement suppliers may not be accomplished immediately, however, we have identified alternate qualified suppliers which we believe could replace existing suppliers. Should this occur, we believe that with our current level of dewars and production rate we have enough to cover a four to six week gap in maximum disruption of production. There are no specific agreements with any manufacturer nor are there any long term commitments to any manufacturer. We believe that most of the manufactures currently used by us could be replaced within a short period of time as none have a proprietary component or a substantial capital investment specific to our products.

Our production and manufacturing process incorporates innovative technologies developed for aerospace and other industries which are cost effective, easier to use and more functional than the traditional dry ice devices and other methods currently used for the shipment of temperature-sensitive materials. Our manufacturing process uses non-hazardous cleaning solutions which are provided and disposed of by a supplier approved by the Environmental Protection Agency (the EPA ). EPA compliance costs for us are therefore negligible.

*Raw Materials.* Various common raw materials are used in the manufacture of our products and in the development of our technologies. These raw materials are generally available from several alternate distributors and manufactures. We have not experienced any significant difficulty in obtaining these raw materials and we do not consider raw material availability to be a significant factor in our business.

**Patents and Proprietary Rights**

In order to remain competitive, we must develop and maintain protection on the proprietary aspects of its technologies. We rely on a combination of patents, copyrights, trademarks, trade secret laws and confidentiality agreements to protect our intellectual property rights. We currently own four registered United States trademarks and three issued United States patents primarily covering various aspects of our products. In addition, we have filed a patent application for various aspects of our shipper and web-portal, which includes, in part, various aspects of our business model referred to as the CryoPort Express® System, and we intend to file additional patent applications to strengthen our intellectual property rights. The technology covered by the above indicated issued patents relates to matters specific to the use of liquid nitrogen dewars in connection with the shipment of biological materials. The concepts include those of disposability, package configuration details, liquid nitrogen retention systems, systems related to thermal performance, systems related to packaging integrity, and matters generally relevant to the containment of liquid nitrogen. Similarly, the trademarks mentioned relate to the cryogenic temperature shipping activity. Issued patents and trademarks currently owned by us include:

<b>Type:</b>	<b>No.</b>	<b>Issued</b>	<b>Expiration</b>
Patent	6,467,642	Oct. 22, 2002	Oct. 21, 2022
Patent	6,119,465	Sep. 19, 2000	Sep. 18, 2020
Patent	6,539,726		

		Apr. 1, 2003	Mar 31, 2023
Trademark	7,583,478,7	Oct. 9, 2002	Oct. 8, 2012
Trademark	7,586,797,8	Apr. 16, 2002	Apr. 16, 2012
Trademark	7,748,667,3	Feb. 3, 2009	Feb. 3, 2019
Trademark	7,737,451,1	Mar. 17, 2009	Mar. 17, 2019



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Our success depends to a significant degree upon our ability to develop proprietary products and technologies and to obtain patent coverage for these products and technologies. We intend to file trademark and patent applications covering any newly developed products, methods and technologies. However, there can be no guarantee that any of our pending or future filed applications will be issued as patents. There can be no guarantee that the U.S. Patent and Trademark Office or some third party will not initiate an interference proceeding involving any of our pending applications or issued patents. Finally, there can be no guarantee that our issued patents or future issued patents, if any, will provide adequate protection from competition.

Patents provide some degree of protection for our proprietary technology. However, the pursuit and assertion of patent rights involve complex legal and factual determinations and, therefore, are characterized by significant uncertainty. In addition, the laws governing patent issuance and the scope of patent coverage continue to evolve. Moreover, the patent rights we possess or are pursuing generally cover our technologies to varying degrees. As a result, we cannot ensure that patents will issue from any of our patent applications, or that any of its issued patents will offer meaningful protection. In addition, our issued patents may be successfully challenged, invalidated, circumvented or rendered unenforceable so that our patent rights may not create an effective barrier to competition. Moreover, the laws of some foreign countries may not protect our proprietary rights to the same extent, as do the laws of the United States. There can be no assurance that any patents issued to us will provide a legal basis for establishing an exclusive market for our products or provide us with any competitive advantages, or that patents of others will not have an adverse effect on our ability to do business or to continue to use our technologies freely.

We may be subject to third parties filing claims that our technologies or products infringe on their intellectual property. We cannot predict whether third parties will assert such claims against us or whether those claims will hurt our business. If we are forced to defend against such claims, regardless of their merit, we may face costly litigation and diversion of management's attention and resources. As a result of any such disputes, we may have to develop, at a substantial cost, non-infringing technology or enter into licensing agreements. These agreements may be unavailable on terms acceptable to it, or at all, which could seriously harm our business or financial condition.

We also rely on trade secret protection of our intellectual property. We attempt to protect trade secrets by entering into confidentiality agreements with third parties, employees and consultants, although, in the past, we have not always obtained such agreements. It is possible that these agreements may be breached, invalidated or rendered unenforceable, and if so, our trade secrets could be disclosed to our competitors. Despite the measures we have taken to protect our intellectual property, parties to such agreements may breach confidentiality provisions in our contracts or infringe or misappropriate our patents, copyrights, trademarks, trade secrets and other proprietary rights. In addition, third parties may independently discover or invent competitive technologies, or reverse engineer our trade secrets or other technology. Therefore, the measures we are taking to protect our proprietary technology may not be adequate.

### **Customers and Distribution**

As a result of growing globalization, including with respect to such areas as life science clinical trials and distribution of pharmaceutical products, the requirement for effective solutions for keeping certain clinical samples and pharmaceutical products at frozen temperatures takes on added significance due to extended shipping times, custom delays and logistics challenges. Today, such goods are traditionally shipped in Styrofoam cardboard insulated containers packed with dry ice, gel/freezer packs or a combination thereof. The current dry ice solutions have limitations that severely limit their effective and efficient use for both short and long-distances (e.g., international). Conventional dry ice shipments often require labor intensive re-icing operations resulting in higher labor and shipping costs.

We believe our patented cryogenic shippers make us well positioned to take advantage of the growing demand for effective and efficient international transport of temperature sensitive materials resulting from continued globalization. Of particular significance is the trend within the pharmaceutical and biotechnology industries toward globalization. We believe this presents a new and unique opportunity for pharmaceutical companies, particularly early or developmental stage companies, to conduct some of their clinical trials in foreign countries where the cost

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may be cheaper and/or because the foreign countries significantly larger population provides a larger pool of potential patients suffering from the indication that the drug candidate is being designed to treat. We also plan to provide domestic shipping solutions in situations and regions where there is a high priority placed on maintaining the integrity of materials shipped at cryogenic temperatures and where we can be cost effective.

To date, most of our customers have been in the pharmaceutical or medical industries. As we initially focus our efforts to increase revenues, we believe that the primary target customers for our CryoPort Express® System are concentrated in the following markets, for the following reasons:

Pharmaceutical clinical trials / contract research organizations;

Gene biotechnology;

Transport of infectious materials and dangerous goods;

Pharmaceutical distribution; and

Fertility clinics/artificial insemination.

*Pharmaceutical Clinical Trials.* Every pharmaceutical company developing a new drug must be approved by the FDA who conducts clinical trials to, among other things, test the safety and efficacy of the potential new drug. Presently, a significant amount of clinical trial activity is managed by a number of large Clinical Research Organizations ( CROs ). Due to the growing downsizing trend in the pharmaceutical industry, CROs are going to obtain an increasing share of the clinical trial market.

In connection with the clinical trials, due to globalization the companies may enroll patients from all over the world who regularly submit a blood or other specimen at the local hospital, doctor's office or laboratory. These samples are then sent to specified testing laboratories, which may be local or in another country. The testing laboratories will typically set the requirements for the storage and shipment of blood specimens. In addition, several of the drugs used by the patients require frozen shipping to the sites of the clinical trials. While both domestic and international shipping of these specimens is accomplished using dry ice today, international shipments especially present several problems, as dry ice, under the best of circumstances, can only provide freezing for one to two days, in the absence of re-icing (which is quite costly). Because shipments of packages internationally can take longer than one to two days or be delayed due to flight cancellations, incorrect destinations, labor problems, ground logistics, customs delays and safety reasons, dry ice is not always a reliable and cost effective option. Clinical trial specimens are often irreplaceable because each one represents clinical data at a prescribed point in time, in a series of specimens on a given patient, who may be participating in a trial for years. Sample integrity during the shipping process is vital to retaining the maximum number of patients in each trial. Our shippers are ideally suited for this market, as our longer hold time ensures that specimens can be sent over long distances with minimal concern that they will arrive in a condition that will cause their exclusion from the trial. There are also many instances in domestic shipments where the CryoPort Express® Shipper will provide higher reliability and be cost effective.

Furthermore, the IATA requires that all airborne shipments of laboratory specimens be transmitted in either IATA Instruction 650 or 602 certified packaging. We have developed and obtained IATA certification of the CryoPort Express® System, which is ideally suited for this market, in particular due to the elimination of the cost to return the reusable shipper.

*Gene Biotechnology.* The gene biotechnology market includes basic and applied research and development in diverse areas such as stem cells, cloning, gene therapy, DNA tumor vaccines, tissue engineering, genomics, and blood products. Companies participating in the foregoing fields rely on the frozen transport of specimens in connection with their research and development efforts, for which our CryoPort Express® Shippers are ideally suited.

*Transport of Infectious Materials and Dangerous Goods.* The transport of infectious materials must be classified as such and must maintain strict adherence to regulations that protect public safety while maintaining the viability of the material being shipped. Some blood products are considered infective and must be treated as such. Pharmaceutical companies, private research laboratories and hospitals ship tissue cultures and microbiology



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specimens, which are also potentially infectious materials, between a variety of entities, including private and public health reference laboratories. Almost all specimens in this infectious materials category require either a refrigerated or a frozen environment. We believe our CryoPort Express® Shipper is ideally suited to meet the shipping requirements of this market.

Partly in response to the attack on the World Trade Center and the anthrax scare, government officials and health care professionals are focusing renewed attention on the possibility of attacks involving biological and chemical weapons such as anthrax, smallpox and sarin gas. Efforts expended on research and development to counteract biowarfare agents requires the frozen transport of these agents to and from facilities conducting the research and development. Vaccine research, including methods of vaccine delivery, also requires frozen transport. We believe our CryoPort Express® Shipper is ideally suited to this type of research and development.

*Pharmaceutical Distribution.* The current focus for the CryoPort Express® System also includes the area of pharmaceutical distribution. There are a significant number of therapeutic drugs and vaccines currently or soon to be, undergoing clinical trials. After the FDA approves them for commercial marketing, it will be necessary for the manufacturers to have a reliable and economical method of distribution to the physician who will administer the product to the patient. Although there are not now a large number of drugs requiring cryogenic transport, there are a number in the development pipeline. It is likely that the most efficient and reliable method of distribution will be to ship a single dosage to the administering physician. These drugs are typically identified to individual patients and therefore will require a complete tracking history from the manufacturer to the patient. The most reliable method of doing this is to ship a unit dosage specifically for each patient. Because the drugs require maintenance at frozen or cryogenic temperatures, each such shipment will require a frozen or cryogenic shipping package. CryoPort anticipates being in a position to service that need.

*Fertility Clinics.* We estimate that artificial insemination procedures in the United States account for at least 50,000 doses of semen annually. Since relatively few sperm banks provide donor semen, frozen shipping is almost always involved. As with animal semen, human semen must be stored and shipped at cryogenic temperatures to retain viability, stabilize the cells, and ensure reproducible results. This can only be accomplished with the use of liquid nitrogen or LN2 dry vapor shippers. CryoPort anticipates that this market will continue to increase as this practice gains acceptance in new areas of the world.

In addition to the above markets, our longer-term plans include expanding into new markets including, the diagnostics, food, environmental, semiconductor and petroleum industries.

**Sales and Marketing**

We currently have one internal sales person who manages our direct sales. Our current distribution channels cover the Americas, Europe and Asia. During the fiscal year ended March 31, 2010, annual net revenues from BD Biosciences and CDx Holdings, Inc. accounted for 32.1% and 18.7%, respectively, of our net revenues.

Our geographical sales for the year ended March 31, 2010 were as follows:

USA	43.6%
Europe	52.3%
Canada	4.1%

We recently entered into an agreement with FedEx and we plan to further expand our sales and marketing efforts through the establishment of additional strategic relationships with global couriers and, subject to available financial resources, the hiring of additional sales and marketing personnel.

**Industry and Competition**

Our products and services are sold into a rapidly growing niche of the packaging industry focused on the temperature sensitive packaging and shipping of biological materials. Expenditures for value added packaging for frozen transport have been increasing for the past several years and, due in part to continued globalization, are expected to continue to increase even more in the future as more domestic and international biotechnology firms

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introduce pharmaceutical products that require continuous refrigeration at cryogenic temperatures. We believe this will require a greater dependence on passively controlled temperature transport systems (i.e., systems having no external power source).

We believe that growth in the following markets has resulted in the need for increased efficiencies and greater flexibility in the temperature sensitive packaging market:

Pharmaceutical clinical trials, including transport of tissue culture samples;

Pharmaceutical commercial product distribution;

Transportation of diagnostic specimens;

Transportation of infectious materials;

Intra laboratory diagnostic testing;

Transport of temperature-sensitive specimens by courier;

Analysis of biological samples;

Environmental sampling;

Gene and stem cell biotechnology and vaccine production; and

Food engineering.

Many of the biological products in these above markets require transport in a frozen state as well as the need for shipping containers which have the ability to maintain a frozen, cryogenic environment (e.g., minus 150° Celsius) for a period ranging from two to ten days (depending on the distance and mode of shipment). These products include semen, embryo, tissue, tissue cultures, cultures of viruses and bacteria, enzymes, DNA materials, vaccines and certain pharmaceutical products. In some instances, transport of these products requires temperatures at, or approaching, minus 196° Celsius.

One problem faced by many companies operating in these specialized markets is the limited number of cryogenic shipping systems serving their needs, particularly in the areas of pharmaceutical companies conducting clinical trials. The currently adopted protocol and the most common method for packaging frozen transport in these industries is the use of solid state carbon dioxide (dry ice). Dry ice is used extensively in shipping to maintain a frozen state for a period of one to four days. Dry ice is used in the transport of many biological products, such as pharmaceuticals, laboratory specimens and certain infectious materials that do not require true cryogenic temperatures. The common approach to shipping these items via ground freight is to pack the product in a container, such as an expanded polystyrene (Styrofoam) box or a molded polyurethane box, with a variable quantity of dry ice. The box is taped or strapped shut and shipped to its destination with freight charges based on its initial shipping weight.

With respect to shipments via specialized courier services, there is no standardized method or device currently in use for the purpose of transporting temperature-sensitive frozen biological specimens. One common method for courier transport of biological materials is to place frozen specimens, refrigerated specimens, and ambient specimens into a compartmentalized container, similar in size to a 55 quart Coleman or Igloo cooler. The freezer compartment in the container is loaded with a quantity of dry ice at minus 78° Celsius, while the refrigerated compartment at 8° Celsius utilizes ice substitutes.

Two manufacturers of the polystyrene and polyurethane containers frequently used in the shipping and courier transport of dry ice frozen specimens are Insulated Shipping Containers, Inc. and Tegrant (formerly SCA Thermosafe). When these containers are used with dry ice, the average sublimation rate (e.g., the rate at which dry ice turns from a solid to a gaseous state) in a container with a 1½ inch wall thickness is slightly less than three



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pounds per 24 hours. Other existing refrigerant systems employ the use of gel packs and ice substitutes for temperature maintenance. Gels and eutectic solutions (phase changing materials) with a wide range of phasing temperatures have been developed in recent years to meet the needs of products with varying specific temperature control requirements.

The use of dry ice and ice substitutes, however, regardless of external packaging used, are frequently inadequate because they do not provide low enough storage temperatures and, in the case of dry ice, last for only a few days without re-icing. As a result, companies run the risk of increased costs due to lost specimens and additional shipping charges due to the need to re-ice.

Some of the other disadvantages to using dry ice for shipping or transporting temperature sensitive products are as follows:

Availability of a dry ice source;

Handling and storage of the dry ice;

Cost of the dry ice;

Compliance with local, state and federal regulations relating to the storage and use of dry ice;

Weight of containers when packed with dry ice;

Securing a shipping container with a high enough R-value (which is a measure of thermal resistance) to hold the dry ice and product for the required time period;

Securing a shipping container that meets the requirements of IATA, the DOT, the CDC, and other regulatory agencies; and

The emission of green house gases into the environment.

Due to the limitations of dry ice, shipment of specimens at true cryogenic temperatures can only be accomplished using liquid nitrogen dry vapor shippers, or by shipping over actual liquid nitrogen. While such shippers provide solutions to the issues encountered when shipping with dry ice, they too are experiencing some criticisms by users or potential users. For example, the cost for these products typically can range from \$650 to \$3,000 per unit, which can substantially limit their use for the transport of many common biologics, particularly with respect to small quantities such as is the case with direct to the physician drug delivery. Because of the initial cost and limited production of these containers, they are designed to be reusable. However, the cost of returning these heavy containers can be significant, particularly in international markets, because most applications require only one-way shipping. We expect to provide a cost effective solution compared to dry ice. We believe we will provide an overall cost savings of 10% to 20% for international and specialty shipments compared to dry ice, while at the same time providing a higher level of support and related services.

Another problem with these existing systems relates to the hold time of the unit in a normal, upright position versus the hold time when the unit is placed on its side or inverted. If a container is laying on its side or is inverted the liquid nitrogen is prone to leaking out of the container due to a combination of factors, including a shift in the equilibrium height of the liquid nitrogen in the absorbent material and the relocation of the point of gravity, which affects the hold time and compromises the dependability of the dry shipper, particularly when used in circumstances requiring lengthy shipping times. Due to the use of our proprietary technology, our CryoPort Express® Shippers are not prone to leakage when on their side or inverted, thereby protecting the integrity of our shipper's hold time.

Within our intended markets for our CryoPort Express® Shippers, there is limited known competition. We intend to become competitive by reason of our improved technology in our products and through the use of our service enabled business model. The CryoPort Express® System provides a simple and cost effective solution for the frozen or cryogenic transport of biological or pharmaceutical materials. This solution uses our innovative dewar and is

supported by the CryoPort Express® Portal, our web-based order-entry system, which manages the scheduling and shipping of the CryoPort Express® Shippers. In addition, the traditional dry ice shippers and suppliers, such as



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MVE/Chart Industries, Taylor Wharton and Air Liquide, offer various models of dry vapor liquid nitrogen shippers that are not cost efficient for multi-use and multi-shipment purposes due to their significantly greater unit costs and unit weight (which may substantially increase the shipping cost). On the other hand, they are more established and have larger organizations and have greater financial, operational, sales and marketing resources and experience in research and development than we do. Factors that we believe give us a competitive advantage are attributable to our shipping container which allows our shipper to retain liquid nitrogen when placed in non-upright positions, the overall leak-proofness of the our package which determines compliance with shipping regulations and the overall weight and volume of the package which determines shipping costs, and our business model represented by the merged integration of our shipper with CryoPort Express® Portal and Smart Pak datalogger into a seamless shipping, tracking and monitoring solution. Other companies that offer potentially competitive products include Industrial Insulation Systems, which offers cryogenic transport units and has partnered with Marathon Products Inc., a manufacturer and global supplier of wireless temperature data collecting devices used for documenting environmentally sensitive products through the cold chain and Kodiak Thermal Technologies, Inc. which offers, among other containers, a repeat use active-cool container that uses free piston stirling cycle technology. While not having their own shipping devices, BioStorage Technologies is potentially a competitive company through their management services offered for cold-chain logistics and long term biomaterial storage. Cryogena offers a single use disposable LN2 shipper with better performance than dry-ice, but it does not perform as well and is not as cost-effective as the CryoPort solution when all costs are considered. In addition, BioMatrica, Inc. is developing and offering technology that stabilizes biological samples and research materials at room temperature. They presently offer these technologies primarily to research and academic institutions, however, their technology may eventually enter the broader cold-chain market.

**Research and Development**

Our research and development efforts are focused on continually improving the features of the CryoPort Express® System including the web based customer service portal and the CryoPort Express® Shippers. Further these efforts are expected to lead to the introduction of shippers of varying sizes based on market requirements, constructed of lower cost materials and utilizing high volume manufacturing methods that will make it practical to provide the cryogenic packages offered by the CryoPort Express® System. Other research and development effort has been directed toward improvements to the liquid nitrogen retention system to render it more reliable in the general shipping environment and to the design of the outer packaging. Alternative phase change materials in place of liquid nitrogen may be used to increase the potential markets these shippers can serve such as ambient and 2-8°C markets. Our research and development expenditures for the six months ended September 30, 2010 and 2009 were \$236,635 and \$180,791, respectively, and for the fiscal years ended March 31, 2010 and 2009 were \$284,847 and \$297,378, respectively.

**Employees**

As of October 31, 2010, we had seven full-time employees and eight consultants. Four of the consultants work for us on a full-time basis.

**Insurance**

We currently maintain general liability insurance, with coverage in the amount of \$1 million per occurrence, subject to a \$2 million annual limitation. Claims may be made against us that exceed these limits. In fiscal year 2010, we did not experience any claims against our professional liability insurance.

Our liability policy in an occurrence based policy. Thus, our policy is complete when we purchased it and following cancellation of the policy it continues to provide coverage for future claims based on conduct that took place during the policy term. However, our insurance may not protect us against liability because our policies typically have various exceptions to the claims covered and also require us to assume some costs of the claim even though a portion of the claim may be covered. In addition, if we expand into new markets, we may not be aware of the need for, or be able to obtain insurance coverage for such activities or, if insurance is obtained, the dollar amount of any liabilities incurred could exceed our insurance coverage. A partially or completely uninsured claim, if

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successful and of significant magnitude, could have a material adverse effect on our business, financial condition and results of operations.

We also maintain product liability insurance with coverage in the amount of \$1,000,000 per year.

**Table of Contents****DESCRIPTION OF PROPERTY**

We do not own real property. We currently lease two facilities, with approximately 12,000 square feet of corporate, research and development, and warehouse facilities, located at 20382 Barents Sea Circle, Lake Forest, CA 92630 and five (5) executive offices located at 402 West Broadway, San Diego, CA 92101. The Company currently makes base lease payments of approximately \$10,000 per month, due at the beginning of each month. On August 24, 2009, the Company entered into the second amendment to the lease for its manufacturing and office space. The amendment extended the lease for twelve months from the end of the existing lease term with a right to cancel the lease with a minimum of 120 day written notice at anytime as of November 30, 2009. In June 2010, Company entered into the third amendment to the lease for its manufacturing and office space. The amendment extended the lease for sixty months commencing July 1, 2010 with a right to cancel the lease with a minimum of 120 day written notice at anytime as of December 31, 2012. On April 15, 2010, the Company entered into office service agreements with Regus Management Group, LLC (Lessor) for five (5) executive offices located at 402 West Broadway, San Diego, CA 92101. The office service agreements are for periods ranging from 3 to 7 months ending April 30, 2011, and subject to automatic renewal unless terminated with 90 days prior notice. The office service agreements require base lease payments of approximately \$5,100 per month. We believe that these facilities are adequate, suitable and of sufficient capacity to support our immediate needs. Additional space may be required, however, as we expand our research and development, manufacturing and selling and marketing activities.

**LEGAL PROCEEDINGS**

In the ordinary course of business, we are at times subject to various legal proceedings and disputes, including product liability claims. We currently are not aware of any such legal proceedings or claim that we believe will have, individually or in the aggregate, a material adverse effect on our business, operating results or cash flows. It is our practice to accrue for open claims based on our historical experience and available insurance coverage.

**DIRECTORS AND EXECUTIVE OFFICERS****Directors and Executive Officers**

The following table sets for the name and age of each director and executive officer, the year first elected as a director and/or executive officer and the position(s) held with CryoPort:

<b>Name</b>	<b>Age</b>	<b>Position</b>	<b>Date Elected</b>
Larry G. Stambaugh	63	Chairman of the Board, Chief Executive Officer, President and Director	2008-2009
Michael Bartholomew	45	Chief Commercialization Officer	2010
Bret Bollinger	42	Vice President of Operations	2008
Catherine Doll	49	Chief Financial Officer, Treasurer and Assistant Corporate Secretary	2009
Carlton M. Johnson, Jr.	49	Director and Secretary	2009
Adam M. Michelin	67	Director	2005
John H. Bonde	65	Director	2010

**Background of Directors and Officers:**

*Larry G. Stambaugh*, age 63, was elected as the Company's Chairman of the Board on December 5, 2008 and became President and Chief Executive Officer on February 20, 2009. Mr. Stambaugh is currently a Principal of Apercu Consulting, a firm that he established in 2006. From December 1992 to January 2006, Mr. Stambaugh served as Chairman and Chief Executive Officer of Maxim Pharmaceuticals, a public company developing cancer and infectious disease drugs which he co-founded. From December 2007 to February 2008, Mr. Stambaugh reorganized two biotechnology companies owned by Arrowhead Research Corporation, a public holding company, Calando Pharmaceuticals and Insert Therapeutics and served as Chief Executive Officer of each subsidiary. Mr.

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Stambaugh has more than 30 years experience building global businesses and setting strategies and has an extensive background in life sciences and clean tech including relationships with and knowledge of Contract Research Organizations, biotech and pharmaceutical companies. Mr. Stambaugh serves on several boards including EcoDog, Corporate Directors Forum, and BioCom and has been a corporate governance leader for several years, including recognition as Director of the Year by the Corporate Directors Forum. Mr. Stambaugh earned his BBA Accounting/Finance from Washburn University in 1969. The Board concluded that Mr. Stambaugh should serve as a director on our Board in light of his perspective and experience he brings as the Company's current Chief Executive Officer and from his prior experience in the life sciences and clean tech industries and as a corporate governance leader. Mr. Stambaugh also serves as a director on the board of ICOP Digital, Inc. (NASDAQ: ICOP).

*Michael Bartholomew*, age 45, became Chief Commercialization Officer for the Company in September 2010. Mr. Bartholomew has 20 years experience in marketing, sales and sales management in the pharmaceuticals and materials industries. Since 2009, Mr. Bartholomew has been providing sales and marketing consulting services to life science supply chain companies through his company Bartholomew & Partners, LLC. Between 2006 and 2009, Mr. Bartholomew was Vice President, Sales and Marketing for DDN Pharmaceutical Logistics where he developed and launched several commercial initiatives that achieved sustained sales growth. For a period in 2006, he was Vice President, Sales and Marketing for Alby Materials. Prior to that, he served for about fifteen years at Pfizer, Inc. in sales and sales management positions.

*Bret Bollinger*, age 42, became Vice President of Operations for the Company in February 2008. Prior to joining the Company, Mr. Bollinger was Director of Operations and Engineering for Triangle Brass Manufacturing from July 2003 to January 2008. Mr. Bollinger served as a Business Process Consultant for Vistant Corporation, a division of Cardinal Health from July of 2001 through July 2003 and as Operations and Order Fulfillment Manager for Ingersoll-Rand's Safety and Security Sector, Falcon Lock Company from July of 1999 to July of 2001. Mr. Bollinger has an extensive background in manufacturing environments, including experience with opening both manufacturing and assembly plants domestically as well as in Mexico. In addition, he has experience in new product design and implementation. Mr. Bollinger holds a Bachelor of Science in Mechanical Engineering from Sacramento State University.

*Catherine Doll*, age 49, became Chief Financial Officer, Treasurer and Assistant Corporate Secretary effective as of August 20, 2009. Ms. Doll is the owner and chief executive officer of The Gilson Group, LLC, which she founded in 2006. The Gilson Group, LLC provides financial and accounting consulting services to public companies, including Sarbanes-Oxley Section 404 compliance, SEC and financial reporting, budgeting and forecasting and finance and accounting systems implementations and conversions. From 1996 to 2006, Ms. Doll was an associate with Resources Global Professionals, where she provided management, financial and accounting services for a variety of clients. Ms. Doll received a B.A. in Economics, with an emphasis in accounting, from the University of California, Santa Barbara, in 1983. She has over 25 years of accounting and financial reporting experience.

*Carlton M. Johnson, Jr.*, age 49, was elected as a director and Secretary to the Board on May 4, 2009 and serves as Chairman of the Compensation Committee and is a member of the Audit Committee and the Nomination and Governance Committee. Mr. Johnson has been In-House Legal Counsel for Roswell Capital Partners, LLC since 1996. Mr. Johnson has been a member of the Alabama Bar since 1986, the Florida Bar since 1988 and the State Bar of Georgia since 1997. He was a stockholder in the Pensacola, Florida Bar Registered (AV rated) law firm of Smith, Sauer, DeMaria & Johnson from 1988 to 1996. Mr. Johnson holds a degree in History/Political Science from Auburn University and Juris Doctorate from Samford University, Cumberland School of Law. Mr. Johnson also currently serves on the board of Peregrine Pharmaceuticals, Inc. and Patriot Scientific Corporation. Mr. Johnson's appointment to the Board fulfills an agreement between the Company and BridgePointe Master Fund Ltd. ( BridgePointe ) to have a representative of BridgePointe on the Company's Board pursuant to the Company's October 2007 and May 2008 Convertible Debentures, as amended. The Board concluded that Mr. Johnson should serve as a director on our Board in light of the extensive public company finance experience that he has obtained through serving on the boards and audit committees of Peregrine Pharmaceuticals, Inc. and Patriot Scientific Corporation.

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*Adam M. Michelin*, age 67, became a member of the Company's Board in June 2005 and serves as the Lead Independent Director, the Chairman of the Audit Committee, and as a member of the Compensation Committee and the Nomination and Governance Committee. Mr. Michelin is currently the President and Chief Executive Officer of Redux Holdings, Inc., a position he has held since January 2006. Mr. Michelin has held several executive leadership positions including, Chief Executive Officer of Enterprise Group from March 2005, Principal of Kibel Green, Inc., a position he held for 11 years prior to joining Enterprise Group, and Partner of KPMG LLP for 10 years. Mr. Michelin also served on the board of Naturade Inc. between August 2006 and June 2008. Mr. Michelin has over 30 years of practice in the areas of executive leadership and operations and is very experienced in evaluating, structuring and implementing solutions for companies in operational and/or financial crisis. Mr. Michelin received his Juris Doctorate from the University of West Los Angeles and his Bachelor of Science from Tri State University. The Board concluded that Mr. Michelin should serve as a director on our Board in light of his strategic and operational experience.

*John H. Bonde*, 65, was elected as a director to the Board on January 7, 2010 and serves as the Chairman of the Nomination and Governance Committee and as a member of the Audit Committee and the Compensation Committee. Mr. Bonde is the Chief Executive Officer of eQsys, Inc., a position he has held since November 2008. From January 2005 through January 2006, Mr. Bonde served as the Division President of CGS Systems. Mr. Bonde has extensive experience leading the operation of complex telecommunication and information service providers and has been a director of numerous private companies in the past. Mr. Bonde earned his Bachelor of Science in Economics from City University of New York, Queens College in 1969 and a Master's of Science in Business Policy from Columbia University in 1982. The Board concluded that Mr. Bonde should serve as a director on our Board in light of his extensive executive experience.

The officers of CryoPort hold office until their successors are elected and qualified, or until their death, resignation or removal.

None of the directors or officers listed above has:

Had a bankruptcy petition filed by or against any business of which that person was a general partner of executive officer either at the time of the bankruptcy or within two years prior to that time;

Had any conviction in a criminal proceeding, or been subject to a pending criminal proceeding;

Been subject to any order, judgment, or decree by any court of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting such person's involvement in any type of business, securities or banking activities; and

Been found by a court of competent jurisdiction, the Commission, or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law.

**Director Independence**

The Company is quoted on the Over-The-Counter Bulletin Board system, which does not require director independence requirements. However, for purposes of determining director independence, we have applied the definitions set forth in NASDAQ Rule 5605(a)(2) which states, generally, that a director is not considered to be independent if he or she is, or at any time during the past three years was an employee of the Company; or if he or she (or his or her family member) accepted compensation from the Company in excess of \$120,000 during any twelve month period within the three years preceding the determination of independence. Our Board has affirmatively determined that Mr. Johnson, Mr. Michelin and Mr. Bonde are independent as such term is defined under NASDAQ Rule 5605(a)(2) and the related rules of the Securities and Exchange Commission (the "SEC").

**Committees of the Board of Directors**

Our Board of Directors has established an Audit Committee, a Compensation Committee and a Nomination and Governance Committee.

**Table of Contents*****Audit Committee***

The functions of the Audit Committee are to (i) review the qualifications of the independent auditors, our annual and interim financial statements, the independent auditor's report, significant reporting or operating issues and corporate policies and procedures as they relate to accounting and financial controls; and (ii) to consider and review other matters relating to our financial and accounting affairs. The Company's Board has a formally established Audit Committee and adopted an Audit Committee charter. The Audit Committee's charter is available on the Company's website at [www.cryoport.com](http://www.cryoport.com) under the tab "Corporate Governance" which is found under the heading "Company". Information on the website does not constitute a part of this Proxy Statement.

The members of the Audit Committee are Adam Michelin, who is the Audit Committee Chairman, and Carlton M. Johnson, Jr. and John H. Bonde. The Company has determined that (i) Adam Michelin qualifies as an "audit committee financial expert" as defined in Item 401(h) of Regulation S-K of the SEC rules and is "independent" within the meaning of NASDAQ Rule 5605(a)(2) and the related rules of the SEC, and (ii) Carlton M. Johnson, Jr. and John H. Bonde each meets NASDAQ's financial literacy and financial sophistication requirements and is "independent" within the meaning of NASDAQ Rule 5605(a)(2) and the related rules of the SEC. During fiscal 2010, the Company's Audit Committee held four meetings. In addition, the Audit Committee regularly held discussions regarding the consolidated financial statements of the Company during Board meetings.

***Compensation Committee.***

The purpose of the Compensation Committee is to discharge the Board's responsibilities relating to compensation of the Company's directors and executive officers, to produce an annual report on executive compensation for inclusion in the Company's Proxy Statement, as necessary, and to oversee and advise the Board on the adoption of policies that govern the Company's compensation programs including stock incentive and benefit plans. In May 2010, the Company's Board adopted a Compensation Committee Charter. Previously, the Committee was known as the Compensation and Governance Committee. The Compensation Committee's charter is available on the Company's website at [www.cryoport.com](http://www.cryoport.com) under the tab "Corporate Governance" which is found under the heading "Company". Information on the website does not constitute a part of this prospectus.

The current members of the Compensation Committee are Mr. John H. Bonde, who is the Chairman of the Compensation Committee, and Mr. Adam Michelin and Mr. Carlton M. Johnson, Jr., each of whom is independent under applicable independence requirements. Each of the current members of the Compensation Committee is a non-employee director under Section 16 of the Exchange Act and an "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). The Compensation Committee met four times during fiscal 2010.

***Nomination and Governance Committee***

In May 2010, the Company established the Nomination and Governance Committee. The function of the Nomination and Governance Committee is to (i) make recommendations to the Board regarding the size of the Board, (ii) make recommendations to the Board regarding criteria for the selection of director nominees, (iii) identify and recommend to the Board for selection as director nominees individuals qualified to become members of the Board, (iv) recommend committee assignments to the Board, (v) recommend to the Board corporate governance principles and practices appropriate to the Company, and (vi) lead the Board in an annual review of its performance. The Nomination and Governance Committee's charter is available on the Company's website at [www.cryoport.com](http://www.cryoport.com) under the tab "Corporate Governance" which is found under the heading "Company". Information on the website does not constitute a part of this Proxy Statement.

The current members of the Nomination and Governance Committee are Mr. Carlton M. Johnson, Jr., who is the Chairman of the Nomination and Governance Committee, and Mr. John H. Bonde and Mr. Adam M. Michelin. The Nomination and Governance Committee did not exist during fiscal 2010, so no meetings of this Committee were held in fiscal 2010.

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The following table provides information regarding the compensation earned during fiscal years 2010 and 2009 by our named executive officers:

**SUMMARY COMPENSATION TABLE**

<b>Name and Principal Position</b>	<b>Fiscal Year</b>	<b>Salary(1) (\$)</b>	<b>Bonus(5) (\$)</b>	<b>Option Awards(6) (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total Compensation (\$)</b>
Larry M. Stambaugh President, Chief Executive Officer and Chairman	2010	288,000(2)	341,000	284,094(7)	9,055(10)	922,149
Catherine M. Doll Chief Financial Officer	2009	48,000(2)		28,695(7)		76,695
	2010	80,000(3)		8,480(8)	154,650(11)	243,130
Bret Bollinger, Vice President of Operations	2009	133,008(4)		34,034(9)	7,478(10)	174,520
	2010	124,000(4)		57,398(9)	6,890(10)	188,288

- (1) This column represents salary and consulting compensation as reported as of the last payroll period prior to or immediately after March 31 of each fiscal year.
- (2) This amount represents the \$48,000 and \$12,000 paid to Mr. Larry Stambaugh as compensation for consulting services during fiscal 2010 and 2009, respectively, as well as the \$36,000 paid to Mr. Stambaugh as compensation for services as a Director during fiscal 2009. Mr. Stambaugh was elected as Chairman of the Board on December 10, 2008 and subsequently as President and Chief Executive Officer on February 20, 2009. On August 21, 2009, the Compensation Committee approved an employment agreement with Mr. Stambaugh which has an effective commencement date of August 1, 2009, the details of which are described below. \$240,000 was paid to Mr. Stambaugh in fiscal 2010 per the terms of the employment agreement.
- (3) This amount represents the \$10,000 per month paid to Ms. Doll as a consultant for the Company during fiscal 2010. The Company retained the services of Ms. Doll on July 29, 2009 pursuant to an agreement, the details of which are described below, and she was appointed by the Board of Director to the offices of Chief Financial Officer, Treasurer and Assistant Corporate Secretary effective as of August 20, 2009.
- (4) This amount represents the \$130,000 paid to Mr. Bret Bollinger as salary for his services as the Company's Vice President of Operations. In January 2009, Mr. Bollinger voluntarily took a reduction in his monthly pay from \$10,883 to \$9,883. The deferred portion was paid to Mr. Bollinger in March 2010.
- (5) This amount represents the annual year-end bonus, based on a percentage of salary, in addition to a one-time incentive payment pursuant to the equity financing.
- (6) This column represents the total grant date fair value of all stock options and warrants granted in fiscal 2010 and the Company's fiscal year ended March 31, 2009, all in accordance with FASB ASC Topic 718. Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. For information on the valuation assumptions with respect to the grants made in fiscal 2010 and 2009, refer to Note 1 Organization and Summary of Significant Accounting Policies Stock-Based Compensation in the Company's Form 10-K for the period ended March 31, 2010, filed with the SEC on June 21, 2010.
- (7) This amount represents the fair value of all options and warrants granted to Mr. Stambaugh as compensation for services as Director during fiscal 2010 and 2009. On December 10, 2008, based on the recommendation of the Compensation Committee and approval by the Board, Mr. Stambaugh was granted a warrant to purchase 50,000 shares of common stock exercisable at \$8.40 per share which vests in three equal installments on the date of grant

and the first and second anniversary of the date of grant. On October 9, 2009, based on the recommendation of the Compensation Committee and approval by the Board, Mr. Stambaugh was granted an option to purchase 67,000 shares of common stock exercisable at \$4.50 per share which vests in three equal installments on the date of grant and the first and second anniversary of the date of grant.



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- (8) This amount represents the fair value of all options granted to Ms. Doll as compensation for services during fiscal 2010. Based on the recommendation of the Compensation Committee and approval by the Board, Ms. Doll was granted a nonstatutory option to purchase 2,000 shares of the Company's common stock at an exercise price of \$4.50 per share. The right to exercise the stock option vested as to 33 $\frac{1}{3}$ % of the underlying shares of common stock upon grant, with the remaining underlying shares vesting in equal installments on the first and second anniversary of the grant date. The exercise price of the option is equal to the fair value of the Company's stock as of the grant date.
- (9) This amount represents the fair value of all options and warrants granted to Mr. Bollinger as compensation for services during fiscal 2010 and 2009. Based on the recommendation of the Compensation Committee and approval by the Board, Mr. Bollinger was granted incentive awards of a warrant to purchase 15,000 shares of common stock at \$10.70 per share on February 28, 2008 which vests at a rate of 5,000 upon date of grant, 5,000 on February 28, 2009 and 5,000 on February 28, 2010. The exercise price of the warrants is equal to the fair value of the Company's stock as of the grant date. Mr. Bollinger was issued a warrant to purchase 6,220 shares of common stock at \$5.10 per share on April 28, 2009 as a performance bonus for services rendered during fiscal 2009. Mr. Bollinger was granted an option to purchase 20,000 shares of common stock on May 11, 2010 as a performance bonus for services rendered during fiscal 2010.
- (10) Amounts shown in this column reflect the costs of health insurance premiums paid to each of Messrs. Stambaugh and Bollinger. Such items are currently taxable to such named executive officer. The amount of taxable income for the individual is determined pursuant to Internal Revenue Service rules which may differ from the amounts reflected in this column.
- (11) This amount represents the \$154,650 paid to The Gilson Group, LLC during fiscal 2009 for financial and accounting consulting services including, SEC and financial reporting including the filing of the S-1, budgeting and forecasting and finance and accounting systems implementations and conversions. Ms. Doll is the owner and chief executive officer of The Gilson Group, LLC.

**Narrative Disclosure to Summary Compensation Table**

***Employment Contracts***

*Larry G. Stambaugh*

On August 21, 2009, the Compensation Committee approved an employment agreement with Mr. Stambaugh, the Company's Chief Executive Officer, President and Chairman, which commenced effective as of August 1, 2009 and will continue in effect until Mr. Stambaugh's employment is terminated under the provisions of the employment agreement (the Stambaugh Employment Agreement). Pursuant to the terms of the Stambaugh Employment Agreement, Mr. Stambaugh will be paid an initial annual base salary of \$360,000 which may be increased from time to time at the discretion of Compensation Committee. Mr. Stambaugh also may be eligible to receive a discretionary annual bonus of up to sixty percent (60%) of his then effective annualized base salary pursuant to an incentive plan to be prepared by the Company's Board with Mr. Stambaugh's participation and completed at the earliest practicable time. In addition, pursuant to the Stambaugh Employment Agreement, Mr. Stambaugh received a onetime incentive payment in the amount of \$125,000 because the Company raised an aggregate of at least \$5,000,000 pursuant to equity and/or convertible debt financings during the specified period. Mr. Stambaugh is eligible to participate in all employee benefits plans or arrangements which may be offered by the Company during the term of his agreement. The Company shall pay the cost of Mr. Stambaugh's health insurance coverage in accordance with the Company's plans and policies during the Term. Mr. Stambaugh shall also be eligible for twenty-five (25) paid time off days a year, and is entitled to receive fringe benefits ordinarily and customarily provided by the Company to its senior officers.

On December 10, 2008, Mr. Stambaugh was awarded a warrant to purchase 50,000 shares of common stock at an exercise price of \$8.40 which vested as to 33 $\frac{1}{3}$ % of the underlying shares of common stock upon grant, with the remaining underlying shares vesting in equal installments on the first and second anniversary of the grant date. On

October 9, 2009, Mr. Stambaugh was awarded an incentive stock option to acquire 67,000 shares of common stock of the Company at the exercise price of \$4.50 per share. The right to exercise the stock option vested as to 33<sup>1</sup>/<sub>3</sub>% of the underlying shares of common stock upon grant, with the remaining underlying shares vesting in equal installments on the first and second anniversary of the grant date.

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Mr. Stambaugh has agreed not to solicit any Company employees during the Term and the one year period following the termination of his employment. Payments due to Mr. Stambaugh upon a termination of his employment agreement are described below.

*Catherine Doll*

On July 29, 2009, the Company retained the services Ms. Doll, and she was appointed by the Board of Director to the offices of Chief Financial Officer, Treasurer and Assistant Corporate Secretary effective as of August 20, 2009. Pursuant to her agreement with the Company, Ms. Doll will be paid the sum of \$10,000 per month in consideration for her services to the Company. In addition, the Company issued stock options for the purchase of 2,000 shares of our common stock at an exercise price of \$4.50 per share. The right to exercise the stock option vested as to 33<sup>1</sup>/<sub>3</sub>% of the underlying shares of common stock upon grant, with the remaining underlying shares vesting in equal installments on the first and second anniversary of the grant date.

*Bret Bollinger*

Bret Bollinger is subject to an employment agreement which became effective February 1, 2008 (the Bollinger Employment Agreement), pursuant to which he is employed as the Company's Vice President of Operations. Under the terms of the Bollinger Employment Agreement, as approved by the Compensation Committee, Mr. Bollinger's current annual salary is \$130,000 and he is eligible for an annual cash bonus of up to 30% to 50% of his base salary based on targeted goals and objectives met, payable in either cash or warrants, as determined by the President and approved by the Board. In the event that the Company terminates Mr. Bollinger's employment without cause, as defined in the Bollinger Employment Agreement, then upon such termination, the Company is obligated to pay to Mr. Bollinger as severance an amount equal to six months of his then current base salary.

The Company has no other employment agreements.

**OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END 2010(\*)**

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards		
			Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date
Larry Stambaugh	33,333(1)		16,667(1)	\$ 8.40	12/4/18
			22,333(2)	\$ 4.50	10/7/16
Catherine M. Doll	667(3)		1,333(3)	\$ 4.50	10/7/16
Bret Bollinger	15,000(4)			\$10.70	2/27/18
	6,220(5)			\$ 5.10	4/28/19

\* This table represents the amounts of all stock options and warrants outstanding as of the end of fiscal 2010.

- (1) Based on the recommendation of the Compensation Committee and approval by the Board, Mr. Stambaugh was granted an incentive award of a warrant to purchase 50,000 shares of common stock exercisable at \$8.40 per share on December 10, 2008, which vests in equal installments on the date of grant and the first and second anniversary of the date of grant. The exercise price for shares of common stock pursuant to the warrant is equal to the fair value of the Company's stock as of the grant date.

- (2) Based on the recommendation of the Compensation Committee and approval by the Board, Mr. Stambaugh was granted an incentive award of an option to purchase 67,000 shares of common stock exercisable at \$4.50 per share on October 9, 2009, which vests in equal installments on the date of grant and the first and second anniversary of the date of grant. The exercise price for shares of common stock pursuant to the option is equal to the fair value of the Company's stock as of the grant date.

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- (3) Ms. Doll was granted a nonstatutory option to purchase 2,000 shares of the Company's common stock at an exercise price of \$4.50 per share. The right to exercise the stock option vested as to 33<sup>1</sup>/<sub>3</sub>% of the underlying shares of common stock upon grant, with the remaining underlying shares vesting in equal installments on the first and second anniversary of the grant date. The exercise price for shares of common stock pursuant to the option is equal to the fair value of the Company's stock as of the grant date.
- (4) Based on the recommendation of the Compensation Committee and approval by the Board, Mr. Bollinger was granted an incentive award of a warrant to purchase 15,000 shares of common stock at \$10.70 per share on February 28, 2008 which vested with respect to 5,000 shares of common stock upon grant date, 5,000 shares of common stock on February 28, 2009 and 5,000 shares of common stock on February 28, 2010. The exercise price for shares of common stock pursuant to the warrant is equal to the fair value of the Company's stock as of the grant date.
- (5) Based on the recommendation of the Compensation Committee and approval by the Board, Mr. Bollinger was granted an incentive award of a warrant to purchase 6,220 shares of common stock exercisable at \$5.10 per share on April 28, 2009 which vested upon grant. The exercise price for shares of common stock pursuant to the warrant is greater than the fair value of the Company's stock as of the grant date.

***Equity Compensation Plan Information***

The Company currently maintains two equity compensation plans, referred to as the 2002 Stock Incentive Plan (the 2002 Plan ) and the 2009 Stock Incentive Plan (the 2009 Plan ). The Company's Compensation Committee is responsible for making, reviewing and recommending grants of options and other awards under these plans which are approved by the Board.

The 2002 Plan, which was approved by the Company's stockholders in October 2002, allows for the grant of options to purchase up to 500,000 shares of the Company's common stock. The 2002 Plan provides for the granting of options to purchase shares of the Company's common stock at prices not less than the fair market value of the stock at the date of grant and generally expire 10 years after the date of grant. The stock options are subject to vesting requirements, generally three or four years. The 2002 Plan also provides for the granting of restricted shares of common stock subject to vesting requirements. During fiscal 2010, the Company issued 11,034 shares of common stock from the cashless exercises of options to purchase a total of 11,900 shares of common stock issued pursuant to the 2002 Plan. As of October 31, 2010, a total of 1,136 shares of our common stock remained available for future grants under the 2002 Plan.

At the Company's 2009 Annual Meeting of Stockholders held on October 9, 2009, our stockholders approved the 2009 Plan, which provides for the grant of stock-based incentives. The 2009 Plan allows for the grant of up to 1,200,000 shares of our common stock for awards to our officers, directors, employees and consultants. The 2009 Plan provides for the grant of incentive stock options, nonqualified stock options, restricted stock rights, restricted stock, performance share units, performance shares, performance cash awards, stock appreciation rights, and stock grant awards. The 2009 Plan also permits the grant of awards that qualify for the performance-based compensation exception to the \$1,000,000 limitation on the deduction of compensation imposed by Section 162(m) of the Code. There were no exercises pursuant to the 2009 Plan during fiscal 2010. As of October 31, 2010, a total of 202,432 shares of our common stock remained available for future grants under the 2009 Plan.

In addition to the stock options issued pursuant to the Company's two stock option plans, the Company has granted warrants to employees, officers, non-employee directors and consultants. The warrants are generally not subject to vesting requirements and have ten-year terms. During fiscal 2010, the Company issued 4,718 shares of common stock from the cashless exercises of warrants to purchase a total of 11,640 shares of common stock.

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The following table sets forth certain information as of October 31, 2010 concerning the Company's common stock that may be issued upon the exercise of options or warrants or pursuant to purchases of stock under the 2002 Plan, the 2009 Plan, and other stock based compensation:

<b>Plan Category</b>	<b>(a) Number of Securities to be Issued Upon the Exercise of Outstanding Options and Warrants</b>	<b>(b) Weighted-Average Exercise Price of Outstanding Options and Warrants</b>	<b>(c) Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))</b>
Equity compensation plans approved by stockholders	1,441,927	\$ 1.09	203,568
Equity compensation plans not approved by stockholders(1)	312,855	\$ 8.31	N/A
	1,754,782	\$ 2.38	203,568

(1) In the past the Company has issued warrants to purchase 327,415 shares of common stock in exchange for services provided to the Company, of which warrants to purchase 312,855 shares of common stock are outstanding. The exercise prices ranged from \$2.80 to \$10.80 and generally vested upon issuance. As of October 31, 2010, there were 16,667 unvested warrants. Other than the officers and directors described below, six consultants received warrants to purchase 85,234 shares of common stock in this manner. The following current and former officers and directors also received warrants to purchase the following number of shares of common stock:

Larry Stambaugh, President, Chief Executive Officer and Chairman	50,000	(16,667 unvested)
Bret Bollinger, Vice President of Operations	21,220	
Dee Kelly, Former Chief Financial Officer	33,150	
Kenneth Carlson, Former Vice President of Sales and Marketing	28,700	(6,500 exercised)
Adam Michelin, Director	25,755	
Thomas Fischer, Former Director	26,710	
Carlton Johnson, Director	778	
Gary Cannon, Former Director and Former Legal Counsel	34,253	(5,140 exercised)
Peter Berry, Former Director	5,240	
Stephen Scott, Former Director	16,375	(2,920 exercised)

**Potential Payments On Termination Or Change In Control**

Pursuant to the Stambaugh Employment Agreement, upon any termination of Mr. Stambaugh's employment for any reason, including by the Company for cause (as defined in the agreement), Mr. Stambaugh will receive his salary through the date of termination and any accrued but unpaid vacation, and he will retain all of his rights to benefits

earned prior to termination under Company benefit plans in which he participates. If the Company terminates Mr. Stambaugh's employment other than for cause or Mr. Stambaugh terminates his employment due to a constructive discharge (as defined in the agreement), subject to Mr. Stambaugh's signing of a general release, Mr. Stambaugh will receive a severance payment equal to (i) six months' base salary, if such termination occurs during the first twelve months of his employment, or (ii) twelve months' base salary if such termination occurs following the first twelve months of his employment, and, in either instance, health care insurance coverage for one year.

Pursuant to the terms of the Bollinger Employment Agreement, in the event that the Company terminates Mr. Bollinger's employment without cause or for change in control of the leadership of the Company as defined by the Bollinger Employment Agreement, then upon such termination, the Company is obligated to pay to Mr. Bollinger as severance an amount equal to six months of his current base salary.

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The 2002 Plan provides that in the event of a change of control, the applicable option agreement may provide that such options or shares will become fully vested and may be immediately exercised by the person who holds the option, at the discretion of the board.

The Company does not provide any additional payments to named executive officers upon their resignation, termination, retirement, or upon a change of control.

**Change in Control Agreements**

There are no understandings, arrangements or agreements known by management at this time which would result in a change in control of the Company or any subsidiary.

**DIRECTOR COMPENSATION**

Compensation for the Board is governed by the Company's Compensation Committee. The Company began making cash payments to the directors as approved by the Compensation Committee in October 2007. Directors who are also employees do not receive any additional compensation for services performed as a member of the Company's Board or any committees thereof. Prior to August 21, 2009, non-employee directors other than the Chairman of the Board received an annual cash retainer fee of \$12,700, payable in quarterly installments of \$3,175 each. Non-employee directors each received meeting fees of \$1,000 for scheduled quarterly board meetings, \$500 for special board meetings and \$1,000 for stockholder meetings, if any. Committee members received fees of \$1,000 for Audit Committee meetings, and \$900 for Compensation Committee meetings. Certain Board positions receive additional quarterly retainer fees as follows: Compensation Committee Chairman \$1,250, Board Vice Chairman \$1,275, Chairman of the Audit Committee \$1,850 and Board Secretary \$1,600. The Chairman of the Board position received all inclusive monthly fees of \$12,000 until he was also elected as President and Chief Executive Officer in February 2009 at which time these fees became executive compensation as discussed above. From time to time the Company had granted warrants to purchase common stock to the directors with exercise prices equal to the fair value as of grant date based on external expert reports and guidance through the Compensation Committee recommendations.

Effective August 21, 2009, the fees payable to non-employee directors were set at a flat fee of \$15,000 per quarter with no additional fees payable for committee membership or serving as chairman of a committee. In addition, each year non-employee directors are granted an option to purchase 5,000 shares of the Company's common stock with exercise prices equal to the closing price of the Company's common stock on the date of grant. The options will vest in four equal quarterly installments.

Effective June 4, 2010, the Board created the position of Lead Independent Director. The Lead Independent Director will be paid a flat fee of \$12,000 per year. In addition, each year the Lead Independent Director will also be granted a warrant or stock option to purchase a certain number of shares of the Company's common stock with an exercise price equal to the closing price of the Company's common stock on the date of grant. The exact number of shares and the vesting schedule will be determined by the recommendation of the Compensation Committee and the approval of the Board.

The following table sets forth the director compensation of the non-employee directors of the Company during fiscal 2010.

	<b>Fees Earned or Paid in Cash</b>	<b>Stock Awards</b>	<b>Warrant and Option Awards</b>	<b>All Other Compensation</b>	<b>Total</b>
<b>Name</b>	<b>(\$)(1)</b>	<b>(\$)(2)</b>	<b>(\$)(2)</b>	<b>(\$)</b>	<b>(\$)</b>
Adam M. Michelin(3)	\$ 44,238	\$ 17,788	\$ 25,849		\$ 87,875
Carlton M. Johnson(4)	28,888	7,500	22,090		58,478
John H. Bonde(5)	14,032		7,836		21,868
Gary C. Cannon(6)	5,388		14,644	\$ 45,350	65,382
Peter Berry(7)					



Thomas S. Fischer, PhD(8)

10,422

10,422

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- (1) Fees Paid in Cash as shown in this schedule represent payments and accruals for directors' services earned during fiscal 2010.
- (2) Reflects the dollar amount recognized for financial reporting purposes for fiscal 2010, in accordance with FASB ASC Topic 718 of warrant and stock option awards pursuant to the 2002 Plan and the 2009 Plan, and thus includes amounts from the vesting of awards granted in and prior to fiscal 2010. Assumptions used in the calculation of these amounts are included in Note 11, Stock Options and Warrants of our audited consolidated financial statements. All stock warrants were granted at or higher than the closing market price of the Company's stock on the date of grant.
- (3) Mr. Michelin was granted a warrant to purchase 1,405 shares of common stock with an average exercise price of \$6.15 per share which vested upon grant and an option to purchase a total of 5,000 shares of common stock with an exercise price of \$4.80 per share which vests in four equal quarterly installments during fiscal 2010 and fiscal 2011 for his service as a director, the Chairman of the Audit Committee, and member of the Compensation Committee and the Nomination and Governance Committee.
- (4) Mr. Johnson was granted a warrant and an option to purchase a total of 5,778 shares of common stock with an average exercise price of \$4.98 per share and which vests in four equal quarterly installments during fiscal 2010 for his service as a director, Chairman of the Compensation Committee, and member of the Audit Committee and the Nomination and Governance Committee.
- (5) Mr. Bonde was granted an option to purchase 3,408 shares of common stock with an average exercise price of \$5.70 per share and which vests in four equal quarterly installments during fiscal 2010 and fiscal 2011 for his service as a director and the Chairman of the Nomination and Governance Committee and as a member of the Audit Committee and the Compensation Committee.
- (6) Mr. Cannon earned \$5,388 in fees for his service as a director in fiscal 2010. In addition, Mr. Cannon served as General Counsel for the Company pursuant to a retainer arrangement. Mr. Cannon was paid a total of \$45,350 for retainer and out-of-pocket fees. Mr. Cannon was also granted fully vested warrants to purchase a total of 2,578 shares of common stock with an average exercise price of \$5.91 per share and combined Black Scholes valuation of \$14,644 as of grant dates, for his legal services during fiscal 2010 as General Counsel for the company.
- (7) Mr. Berry was not compensated for his service as a director during fiscal 2010.
- (8) Dr. Fischer was granted 1,740 fully vested warrants with an average exercise price of \$6.15 during fiscal 2010 for his service as a director and member of the Audit Committee.

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

Gary Cannon served as Secretary of the Company from June 2005 to May 2009. None of the other members of the Compensation Committee is or has been an officer or employee of the Company.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth information with respect to the beneficial ownership of the Company's common stock as of October 31, 2010, by each person or group of affiliated persons known to the Company to beneficially own 5% or more of its common stock, each director, each named executive officer, and all of its directors and named executive officers as a group. As of October 31, 2010, there were 13,682,673 shares of common stock outstanding. Unless otherwise indicated, the address of each beneficial owner listed below is c/o CryoPort, Inc., 20382 Barents Sea Circle, Lake Forest, California 92630.

The following table gives effect to the shares of common stock issuable within 60 days of October 31, 2010, upon the exercise of all options and other rights beneficially owned by the indicated stockholders on that date. Unless

otherwise indicated, the persons named in the table have sole voting and sole investment control with respect to all shares beneficially owned.

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<b>Beneficial Owner</b>	<b>Number of Shares of Common Stock Beneficially Owned</b>	<b>Percentage of Shares of Common Stock Beneficially Owned</b>
<b>Executive Officers and Directors:</b>		
Larry G. Stambaugh	561,898(1)	3.9%
Adam M. Michelin	56,642(1)	*
Bret Bollinger	41,220(1)	*
Carlton M. Johnson	24,272(1)	*
Catherine Doll	1,334(1)	*
John H. Bonde	20,158(1)	*
Michael Bartholomew	28,572	*
All directors and named executive officers as a group (7 persons)	734,096	5.1%
<b>Other Stockholders:</b>		
BridgePointe Master Fund, Ltd.	2,072,273(1)(2)	4.9%(3)
Enable Growth Partners LP (and related funds)	2,059,680(1)(2)	4.9%(3)

\* Represents less than 1%

- (1) Includes shares which individuals shown above have the right to acquire as of October 31, 2010, or within 60 days thereafter, pursuant to outstanding stock options and/or warrants as follows: Mr. Stambaugh 561,898 shares; Mr. Michelin 52,505 shares; Mr. Bollinger 41,220 shares; Mr. Johnson 22,528 shares; Ms. Doll 1,334 shares; Mr. Bonde 20,158 shares; Mr. Bartholomew 14,286; BridgePointe Master Fund, Ltd 1,471,950 shares and Enable Growth Partners LP (and related funds) 1,583,147 shares.
- (2) Includes shares which individuals shown above have the right to acquire as of October 31, 2010, or within 60 days thereafter, pursuant to outstanding convertible debentures as follows: BridgePointe Master Fund, Ltd 600,323 shares and Enable Growth Partners LP (and related funds) 476,533 shares.
- (3) The number and percentage of shares beneficially owned is determined in accordance with Rule 13d-3 of the Securities Exchange Act of 1934, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rule, beneficial ownership includes any shares as to which the selling security holder has sole or shared voting power or investment power and also any shares, which the selling security holder has the right to acquire within 60 days. Nevertheless, for purposes of this table only for each of the other stockholders does not give effect to the 4.9% limitation on the number of shares that may be held by each other stockholder as agreed to in the warrant held by each selling security holder which limitation is subject to waiver by the holder upon 61 days prior written notice to us (subject to a further non-waivable limitation at 9.9%)

#### **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

The Company has established policies and other procedures regarding approval of transactions between the Company and any employee, officer, director, and certain of their family members and other related persons, including those required to be reported under Item 404 of Regulation S-K. These policies and procedures are generally not in writing, but are evidenced by long standing principles set forth in our Code of Conduct or adhered to by our Board. As set forth in the Audit Committee Charter, the Audit Committee reviews and approves all related-party transactions after reviewing such transaction for potential conflicts of interests and improprieties. Accordingly, all such related-party transactions are submitted to the Audit Committee for ongoing review and oversight. Generally speaking, we enter into related-party transactions only on terms that we believe are at least as favorable to our company as those that we could obtain from an unrelated third party.

In August 2006, Peter Berry, the Company's former Chief Executive Officer, agreed to convert his deferred salaries to a long-term note payable. Under the terms of this note, the Company began to make monthly payments of \$3,000 to Mr. Berry in January 2007. The loan and a portion of the accrued interest was paid in March 2010 and the remaining accrued interest of \$11,996 was paid in August 2010. Interest of 6% per annum on the outstanding principal balance of the note began to accrue on January 1, 2008. As of March 31, 2010 and 2009, the total amount

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of the note and accrued interest under this arrangement was \$11,996 and \$157,688, respectively, of which, \$0 and \$67,688, respectively, is recorded as a long-term liability in the Company's consolidated balance sheets. Interest expense related to this note was \$8,133 and \$10,573 for the years ended March 31, 2010 and 2009, respectively. Accrued interest related to this note payable amounted to \$0 and \$13,738 at March 31, 2010 and 2009, respectively, and is included in the note payable to former officer in the Company's consolidated balance sheets. In January 2009, Mr. Berry agreed to defer the monthly payments of the note due from January 31, 2009 through June 30, 2009. Effective August 26, 2009, pursuant to a letter agreement (i) the Company agreed to pay Mr. Berry the sum of \$30,000 plus accrued interest representing past due payments from January to May 2009 previously waived by Mr. Berry, (ii) Mr. Berry agreed to waive payments due to him through December 2009, and (iii) the Company agreed to pay to Mr. Berry the sum of \$42,000 plus accrued interest on January 1, 2010, representing payments due to him from June 2009 thru December 2009 liability portion of the note payable in the Company's consolidated balance sheets. In February 2009, Mr. Berry resigned his position as Chief Executive Officer.

On March 1, 2009, the Company entered into a Consulting Agreement with Peter Berry, the Company's former Chief Executive Officer. Mr. Berry provided the Company with consulting services as an independent contractor, for a ten (10) month period from March 1, 2009 through December 31, 2009, as an advisor to the Chief Executive Officer and the Board of Directors. Related-party consulting fees for these services were \$292,010 for the year ended March 31, 2010.

Since June 2005, the Company had retained the legal services of Gary C. Cannon, Attorney at Law, for a monthly retainer fee. From June 2005 to May 2009, Mr. Cannon also served as the Company's Secretary and a member of the Company's Board of Directors. Mr. Cannon continued to serve as Corporate Legal Counsel for the Company and served as a member of the Advisory Board. In December 2007, Mr. Cannon's monthly retainer for legal services was increased from \$6,500 per month to \$9,000 per month. The total amount paid to Mr. Cannon for retainer fees and out-of-pocket expenses for the year ended March 31, 2010 and 2009 was \$34,350 and \$81,000, respectively. From October 2008 through March 31, 2009 Mr. Cannon agreed to defer a portion of his monthly payments. As of September 30, 2010 and March 31, 2010 and 2009 a total of \$0, \$0 and \$15,000, respectively, had been deferred and was included in accounts payable in the Company's consolidated balance sheets. Board fees expensed for Mr. Cannon were \$0, \$5,388 and \$26,850 for the six months ended September 30, 2010 and for the years ended March 31, 2010 and March 31, 2009, respectively. At September 30, 2010 and March 31, 2010 and 2009, \$0, \$7,788 and \$14,400, respectively, of deferred board fees was included in accrued compensation and related expenses. During the year ended March 31, 2010, Mr. Cannon was granted warrants to purchase a total of 2,577 shares of common stock with an average exercise price of \$5.90 per share. For the year ended March 31, 2009, Mr. Cannon was granted warrants to purchase a total of 9,515 shares of common stock with an average exercise price of \$6.70 per share. All warrants granted to Mr. Cannon were issued with an exercise price of greater than or equal to the stock price of the Company's shares on the grant date. On May 4, 2009, Mr. Cannon resigned from the Company's Board of Directors and in July 2009 Mr. Cannon was given 30 days notice that he was terminated as the general legal counsel and advisor to the Company.

On July 29, 2009, the Board of Directors of the Company appointed Ms. Catherine M. Doll, a consultant, to the offices of Chief Financial Officer, Treasurer and Assistant Corporate Secretary, which became effective on August 20, 2009.

Ms. Doll is the owner and chief executive officer of The Gilson Group, LLC. The Gilson Group, LLC provided the Company financial and accounting consulting services including, SEC and financial reporting and the filing of the S-1, budgeting and forecasting and finance and accounting systems implementations and conversions. Related-party consulting fees for all services provided by The Gilson Group, LLC, including a monthly retainer for the Chief Financial Officer, were \$229,961 for the six months ended September 30, 2010 and \$234,650 for the year ended March 31, 2010. On October 9, 2009, the Compensation Committee (formerly the Compensation and Governance Committee) granted Ms. Doll an option to purchase 2,000 shares of common stock at an exercise price of \$4.50 per share (the closing price of the Company's stock on the date of grant) valued at \$8,480 as calculated using the Black-Scholes option pricing model and is included in selling, general and administrative expense. The assumptions used under the Black-Scholes pricing model included: a risk free rate of 2.36%; volatility of 182%; an expected

exercise term of 4.25 years; and no annual dividend rate. The right to exercise the stock options vested as to  $33\frac{1}{3}\%$  of the underlying shares of common stock upon grant, with the remaining underlying shares vesting in equal installments on the first and second anniversary of the grant date.

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As of September 30, 2010, the Company had an aggregate principal balance of \$949,500 in outstanding unsecured indebtedness owed to five related parties, including four former members of the board of directors, representing working capital advances made to the Company from February 2001 through March 2005. These notes bear interest at the rate of 6% per annum and provide for aggregate monthly principal payments which began April 1, 2006 of \$2,500, and which increased by an aggregate of \$2,500 every nine months to a maximum of \$10,000 per month. As of September 30, 2010, the aggregate principal payments totaled \$10,000 per month. Any remaining unpaid principal and accrued interest is due at maturity on various dates through March 1, 2015. Related-party interest expense under these notes was \$29,598 for the six months ended September 30, 2010. Accrued interest, which is included in related party notes payable in the Company's condensed consolidated balance sheets, related to these notes amounted to \$648,354 as of September 30, 2010. As of September 30, 2010, the Company had not made the required payments under the related-party notes which were due on July 1, August 1, and September 1, 2010. However, pursuant to the note agreements, the Company has a 120-day grace period to pay missed payments before the notes are in default. On October 15, 2010, the Company paid the July 1 note payments due on these related party notes. Management expects to continue to pay all payments due prior to the expiration of the 120-day grace periods.

**SELLING SECURITY HOLDERS**

From August 2010 to October 2010, we conducted a private placement (the "Private Placement") pursuant to which we sold and issued an aggregate of 5,532,418 shares of common stock at a price of \$0.70 per share and common stock purchase warrants to acquire 6,755,293 shares of common stock, for gross proceeds of \$3,872,702. Each common stock purchase warrant entitles the holder to acquire one common share of the Company at the exercise price of \$0.77 per share for a period of five years after the date of issuance. Under the terms of the registration rights agreement entered into as part of the offering, we agreed to file a registration statement with the Securities and Exchange Commission no later than 60 days following closing and use our best efforts to cause it to be declared and remain effective until all securities covered by the registration statement either have been sold, under the registration statement or pursuant to Rule 144 under the Securities Act of 1933, as amended, or may be sold without volume or manner-of-sale restrictions pursuant to Rule 144, and without the requirement for the Company to be in compliance with the current public information requirement under Rule 144 or the Company is in compliance with the current public information requirement under Rule 144.

The registration statement of which this prospectus is a part registers the resale 12,287,711 of our shares of common stock of which 5,532,418 are currently outstanding and 6,755,293 shares of common stock acquirable upon the exercise of the warrants and the compensation warrants issued in connection with the Private Placement.

In connection with the Private Placement, we paid Maxim Group and Emergent Financial Corporation, Inc. (collectively, the "Placement Agents") an aggregate cash commission of \$271,089, representing 7% of the gross proceeds of the offering and compensation warrants entitling the Placement Agents to purchase 774,542 shares of common stock of the Company at \$0.77 exercisable for a period of five years after the date of issuance. We also agreed to reimburse the Placement Agents for certain legal fees and out-of-pocket expenses.

**SELLING SECURITY HOLDER TABLE**

The following table sets forth the number of shares of common stock beneficially owned by the selling security holders as of October 31, 2010, the number of shares of common stock covered by this prospectus on behalf of the selling security holders and the total number of shares of common stock that the selling security holders will beneficially own upon completion of the offering. This table assumes that the stockholders will offer for sale all of the shares of common stock covered by this prospectus. At October 31, 2010, we had 13,682,673 shares of common stock issued and outstanding.

The common stock may be offered under this prospectus from time to time by the selling security holders, or by any of their respective pledgees, donees, transferees or other successors in interest. The amounts set forth below are based upon information provided to us by the stockholders, or on our records, as of October 31, 2010, and are accurate to the best of our knowledge. It is possible, however, that the selling security holders may acquire or dispose of additional shares of common stock from time to time after the date of this prospectus.



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The inclusion of any securities in the following table does not constitute an admission of beneficial ownership by the persons named below. Except as indicated in the footnotes to the table, no selling security holder has had any material relationship with us or our predecessors or affiliates during the last three years.

Name	Before Offering		After Offering		Percentage of Shares Owned after Offering
	Total Number of Shares Beneficially Owned	Percentage of Shares Owned(44)	Number of Shares Offered	Owned after Offering(45)	
Brio Capital LP	304,069	2.20%	220,237(1)	83,832	*
AQR Diversified Arbitrage Fund	1,142,856	8.02%	1,142,856(2)	0	
CNH Diversified Opportunities Master Account, L.P.	714,284	5.09%	714,284(3)	0	
AQR Opportunistic Premium Offshore Fund, L.P.	714,284	5.09%	714,284(4)	0	
MOG Capital, LLC	880,951	6.20%	880,951(5)	0	
Hudson Bay Master Fund Ltd.	402,383	2.90%	352,383(6)	50,000	*
Cranshire Capital LP	371,429	2.68%	338,096(7)	33,333	*
Iroquios Master Fund Ltd.	176,189	1.28%	176,189(8)	0	
Blue Earth Fund LP	206,189	1.50%	176,189(9)	30,000	*
AQR Absolute Return Master Account, L.P.	142,856	1.04%	142,856(10)	0	
Freestone Advantage Partners, L.P.	14,286	*	14,286(11)	0	
Octagon Capital Partners	231,428	1.68%	211,428(12)	20,000	*
Advanced Series Trust AST Academic Strategies Asset Allocation Portfolio	142,856	1.04%	142,856(13)	0	
Jenkins Living Trust	142,856	1.04%	142,856(14)	0	
Neal Prah	30,468	*	28,568(15)	1,900	*
Gregory D. Gentling	552,195	3.97%	428,572(43)	123,623	*
Theodore Neuville and Patricia Neuville	71,428	*	71,428(17)	0	
Daryl Skiba	76,078	*	71,428(17)	4,650	*
Michael Gardner and Tracy Gardner	73,491	*	71,428(17)	2,063	*
Robert K. McKelvey	71,428	*	71,428(17)	0	
Jerold Fahrner Trust	142,856	1.04%	142,856(14)	0	
Jeffrey M. Williams	71,428	*	71,428(17)	0	
Morris Steller	314,286	2.27%	314,286(42)	0	
Dean P. Jacklitch	142,856	1.04%	142,856(14)	0	
Jon Vandehey and Annette Vandehey	185,714	1.35%	185,714(18)	0	
Tom Vandehey	142,856	1.04%	142,856(14)	0	
Tim Federwitz and Cindy Federwitz	71,428	*	71,428(17)	0	
Daniel Gage	71,428	*	71,428(17)	0	
Melvyn H. Reznick	450,328	3.25%	371,428(31)	78,900	*
John W. Schreiner	289,214	2.09%	285,714(16)	3,500	*

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Louis Doering	71,428	*	71,428(17)	0	
Michael R. Waterhouse	79,550	*	71,428(17)	8,122	*
Dennis J. Holland	111,428	*	111,428(32)	0	
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Name	Before Offering		After Offering		Percentage of Shares Owned after Offering
	Total Number of Shares Beneficially Owned	Percentage of Shares Owned(44)	Number of Shares Offered	Shares Owned after Offering(45)	
Richard Randall	82,104	*	71,428(17)	10,676	*
Paul W. Schultz	214,284	1.55%	214,284(20)	0	
Theodore L. Tilton	334,449	2.43%	142,856(14)	191,593	1.39%
Joseph Hennen	71,428	*	71,428(17)	0	
Edward L. Hennen and Judy Hennen	71,428	*	71,428(17)	0	
Ron Eldred	142,858	1.04%	142,858(29)	0	
John J. Connor	71,428	*	71,428(17)	0	
Richard O Leary	71,428	*	71,428(17)	0	
Katherine O Leary	71,428	*	71,428(17)	0	
George Sutton and Kathy Sutton	71,428	*	71,428(17)	0	
Tarlow Family Trust	142,858	1.04%	142,858(29)	0	
Daniel J. Rueter	107,144	*	107,144(30)	0	
David T. Schepers	71,428	*	71,428(17)	0	
Daryl McNab	77,961	*	33,428(21)	44,533	*
Mary F. Hauser	257,142	1.86%	257,142(19)	0	
Howard J. Manske	123,714	*	58,714(22)	65,000	*
C. Scott Thiss	71,428	*	71,428(17)	0	
Loral I. Delaney	42,856	*	42,856(23)	0	
Louis H. Neuville	85,716	*	85,716(24)	0	
Scott T. Johnston	71,428	*	71,428(17)	0	
Richard Thompson	140,419	1.02%	114,286(25)	26,133	*
Bill Thompson	100,296	*	71,428(17)	28,868	*
Fred John Williams Jr.	142,856	1.04%	142,856(14)	0	
Celtic Enterprises Ltd.	46,168	*	35,714(26)	10,454	*
Maxim Partners LLC	334,500	2.39%	334,500(27)	0	
Emergent Financial Group, Inc.	440,042	3.12%	440,042(28)	0	
Michael Bartholomew	28,572	*	28,572(33)	0	
Jim Behm	177,858	1.29%	142,858(29)	35,000	*
Ross Bjella	20,000	*	20,000(34)	0	
Blue River Properties LLP	77,144	*	57,144(41)	20,000	*
Benton Case	40,000	*	40,000(36)	0	
Andrew Curran	247,723	1.80%	214,286(37)	33,437	*
Thomas Duszynski	71,430	*	71,430(38)	0	
Bill Finley and Jennifer Finley	28,572	*	28,572(33)	0	
Sasha Gentling	142,858	1.04%	142,858(29)	0	
Michael Resnick	66,144	*	57,144(35)	9,000	*
Gaetan Riopel	194,975	1.42%	142,858(29)	52,117	*

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Thomas Scollard	22,580	*	11,430(40)	11,150	*
Judy Scollard	19,134	*	17,144(39)	1,990	*
Keith Steller	28,572	*	28,572(33)	0	
Michael Stephan	52,000	*	37,000(46)	15,000	*
<b>TOTAL</b>	13,282,585		12,287,711	994,874	

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\* Represents less than 1%.

- (1) Representatives of this security holder have advised us that Shaye Hirseh is the natural person with voting and dispositive power with respect to the securities held by this security holder. Includes 89,285 shares of common stock and 130,952 shares of common stock acquirable upon exercise of warrants.
- (2) Representatives of this security holder have advised us that CNH Partners, LLC ( CNH ) acts as sub-adviser to the AQR Diversified Arbitrage Fund. CNH is a joint venture created in 2001 by AQR Capital Management, LLC and RAIM, LLC. Investment principals for CNH are Robert Krail, Mark Mitchell and Todd Pulvino, each of whom has voting and dispositive power with respect to the securities held by this security holder. Includes 571,428 shares of common stock and 571,428 shares of common stock acquirable upon exercise of warrants.
- (3) Representatives of this security holder have advised us that CNH Partners, LLC ( CNH ) acts as investment adviser to CNH Diversified Opportunities Master Account, L.P. CNH is a joint venture created in 2001 by AQR Capital Management, LLC and RAIM, LLC. Investment principals for CNH are Robert Krail, Mark Mitchell and Todd Pulvino, each of whom has voting and dispositive power with respect to the securities held by this security holder. Includes 357,142 shares of common stock and 357,142 shares of common stock acquirable upon exercise of warrants.
- (4) Representatives of this security holder have advised us that AQR Capital Management, LLC ( AQR ) acts as investment adviser to AQR Opportunistic Premium Offshore Fund, L.P. AQR has sole voting and dispositive power with respect to the securities held by this security holder. Investment principals for AQR are Clifford S. Asness, John M. Liew, Brian K. Hurst, Jacques A. Friedman, Oktay Kurbanov, Ronen Israel, Lars Nielsen and Michael Mendelson. Includes 357,142 shares of common stock and 357,142 shares of common stock acquirable upon exercise of warrants.
- (5) Representatives of this security holder have advised us that Andrew Garnock is the natural person with voting and dispositive power with respect to the securities held by this security holder. Representatives of this security holder have advised us that this security holder is a U.S. registered broker-dealer. Includes 357,142 shares of common stock and 523,809 shares of common stock acquirable upon exercise of warrants.
- (6) Representatives of this security holder have advised us that Hudson Bay Capital Management LP, the investment manager of Hudson Bay Master Fund Ltd., has voting and investment power over with respect to the securities held by this security holder. Sander Gerber is the managing member of Hudson Bay Capital GP LLC, which is the general partner of Hudson Bay Capital Management LP. Sander Gerber disclaims beneficial ownership over these securities. Includes 142,858 shares of common stock and 209,525 shares of common stock acquirable upon exercise of warrants.
- (7) Representatives of this security holder have advised us that Downsview Capital, Inc. ( Downsview ) is the general partner of Cranshire Capital, L.P. ( Cranshire ) and consequently has voting control and investment discretion over securities held by Cranshire. Mitchell P. Kopin ( Mr. Kopin ), President of Downsview, has voting control over Downsview. As a result of the foregoing, each of Mr. Kopin and Downsview may be deemed to have beneficial ownership (as determined under Section 13(d) of the Securities Exchange Act of 1934, as amended) of the shares of common stock beneficially owned by Cranshire. Includes 135,715 shares of common stock and 202,381 shares of common stock acquirable upon exercise of warrants.
- (8) Representatives of this security holder have advised us that Iroquois Capital Management L.L.C. ( Iroquois Capital ) is the investment manager of Iroquois Master Fund, Ltd ( IMF ). Consequently, Iroquois Capital has

voting control and investment discretion over securities held by IMF. As managing members of Iroquois Capital, Joshua Silverman and Richard Abbe make voting and investment decisions on behalf of Iroquois Capital in its capacity as investment manager to IMF. As a result of the foregoing, Mr. Silverman and Mr. Abbe may be deemed to have beneficial ownership (as determined under Section 13(d) of the Securities Exchange Act of 1934, as amended) of the securities held by IMF. Notwithstanding the foregoing, Mr. Silverman and Mr. Abbe disclaim such beneficial ownership. Includes 71,428 shares of common stock and 104,761 shares of common stock acquirable upon exercise of warrants.

- (9) Representatives of this security holder have advised us that Brett Conrad is the natural person with voting and dispositive power with respect to the securities held by this security holder. Includes 71,428 shares of common stock and 104,761 shares of common stock acquirable upon exercise of warrants.

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- (10) Representatives of this security holder have advised us that AQR Capital Management, LLC ( AQR ) acts as investment adviser to AQR Absolute Return Master Account, L.P. AQR has sole voting and dispositive power with respect to the securities held by this security holder. Investment principals for AQR are Clifford S. Asness, John M. Liew, Brian K. Hurst, Jacques A. Friedman, Oktay Kurbanov, Ronen Israel, Lars Nielsen and Michael Mendelson. Includes 71,428 shares of common stock and 71,428 shares of common stock acquirable upon exercise of warrants.
- (11) Representatives of this security holder have advised us that Downsview Capital, Inc. ( Downsview ) is the investment manager for a managed account of Freestone Advantage Partners, LP and consequently has voting control and investment discretion over securities held in such account. Mitchell P. Kopin ( Mr. Kopin ), President of Downsview, has voting control over Downsview. As a result, each of Mr. Kopin and Downsview may be deemed to have beneficial ownership (as determined under Section 13(d) of the Securities Exchange Act of 1934, as amended) of the shares held in such account which are being registered hereunder. Includes 7,143 shares of common stock and 7,143 shares of common stock acquirable upon exercise of warrants.
- (12) Representatives of this security holder have advised us that Steven Hart is the natural person with voting and dispositive power with respect to the securities held by this security holder. Includes 85,714 shares of common stock and 125,714 shares of common stock acquirable upon exercise of warrants.
- (13) Representatives of this security holder have advised us that CNH Partners, LLC ( CNH ) acts as sub-adviser to Advanced Series Trust AST Academic Strategies Asset Allocation Portfolio. CNH is a joint venture created in 2001 by AQR Capital Management, LLC and RAIM, LLC. Investment principals for CNH are Robert Krail, Mark Mitchell and Todd Pulvino, each of whom has voting and dispositive power with respect to the securities held by this security holder. Includes 71,428 shares of common stock and 71,428 shares of common stock acquirable upon exercise of warrants.
- (14) Includes 71,428 shares of common stock and 71,428 shares of common stock acquirable upon exercise of warrants.
- (15) Includes 14,284 shares of common stock and 14,284 shares of common stock acquirable upon exercise of warrants.
- (16) Includes 142,857 shares of common stock and 142,857 shares of common stock acquirable upon exercise of warrants.
- (17) Includes 35,714 shares of common stock and 35,714 shares of common stock acquirable upon exercise of warrants.
- (18) Includes 92,857 shares of common stock and 92,857 shares of common stock acquirable upon exercise of warrants.
- (19) Includes 128,571 shares of common stock and 128,571 shares of common stock acquirable upon exercise of warrants.
- (20) Includes 107,142 shares of common stock and 107,142 shares of common stock acquirable upon exercise of warrants.
- (21) Includes 16,714 shares of common stock and 16,714 shares of common stock acquirable upon exercise of warrants.

- (22) Includes 29,357 shares of common stock and 29,357 shares of common stock acquirable upon exercise of warrants.
- (23) Includes 21,428 shares of common stock and 21,428 shares of common stock acquirable upon exercise of warrants.
- (24) Includes 42,858 shares of common stock and 42,858 shares of common stock acquirable upon exercise of warrants.
- (25) Includes 57,143 shares of common stock and 57,143 shares of common stock acquirable upon exercise of warrants.
- (26) Includes 17,857 shares of common stock and 17,857 shares of common stock acquirable upon exercise of warrants.
- (27) Representatives of this security holder have advised us that Michael Rabinowitz is the natural person with voting and dispositive power with respect to the securities held by this security holder. This security holder acquired the securities as compensation for activities of its affiliate, Maxim Group LLC, who is a registered broker-dealer, relating to acting as placement agent in the Private Placement. Includes 334,500 shares of common stock acquirable upon exercise of warrants.



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- (28) Representatives of this security holder have advised us that Peter B. Voldness is the natural person with voting and dispositive power with respect to the securities held by this security holder. This security holder acquired the securities as compensation for activities relating to acting as placement agent in the Private Placement and is a registered broker-dealer. Includes 440,042 shares of common stock acquirable upon exercise of warrants.
- (29) Includes 71,429 shares of common stock and 71,429 shares of common stock acquirable upon exercise of warrants.
- (30) Includes 53,572 shares of common stock and 53,572 shares of common stock acquirable upon exercise of warrants.
- (31) Includes 185,714 shares of common stock and 185,714 shares of common stock acquirable upon exercise of warrants.
- (32) Includes 55,714 shares of common stock and 55,714 shares of common stock acquirable upon exercise of warrants.
- (33) Includes 14,286 shares of common stock and 14,286 shares of common stock acquirable upon exercise of warrants. Mr. Bartholomew was appointed our Chief Commercialization Officer.
- (34) Includes 10,000 shares of common stock and 10,000 shares of common stock acquirable upon exercise of warrants.
- (35) Includes 28,572 shares of common stock and 28,572 shares of common stock acquirable upon exercise of warrants.
- (36) Includes 20,000 shares of common stock and 20,000 shares of common stock acquirable upon exercise of warrants.
- (37) Includes 107,143 shares of common stock and 107,143 shares of common stock acquirable upon exercise of warrants.
- (38) Includes 35,715 shares of common stock and 35,715 shares of common stock acquirable upon exercise of warrants.
- (39) Includes 8,572 shares of common stock and 8,572 shares of common stock acquirable upon exercise of warrants.
- (40) Includes 5,715 shares of common stock and 5,715 shares of common stock acquirable upon exercise of warrants.
- (41) Representatives of this security holder have advised us that Lowell L. Hanouh is the natural person with voting and dispositive power with respect to the securities held by this security holder. Includes 28,572 shares of common stock and 28,572 shares of common stock acquirable upon exercise of warrants.
- (42) Includes 157,143 shares of common stock and 157,143 shares of common stock acquirable upon exercise of warrants.
- (43) Includes 214,286 shares of common stock and 214,286 shares of common stock acquirable upon exercise of warrants.

- (44) All percentages are based on 13,682,673 shares of common stock issued and outstanding on October 31, 2010.
- (45) This table assumes that each selling security holder will sell all of its shares available for sale during the effectiveness of the registration statement that includes this prospectus. Selling security holders Shareholders are not required to sell their shares. See the following section, Plan of Distribution.
- (46) Includes 18,500 shares of common stock and 18,500 shares of common stock acquirable upon exercise of warrants.

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**PLAN OF DISTRIBUTION**

The selling security holders, which as used herein includes donees, pledgees, transferees, or other successors-in-interest selling shares of common stock or interests in shares of common stock received after the date of this prospectus from a selling security holder as a gift, pledge, partnership distribution, or other transfer, may, from time to time, sell, transfer, or otherwise dispose of any or all of their shares of common stock or interests in shares of common stock on any stock exchange, market, or trading facility on which the shares are traded or in private transactions. These dispositions may be at fixed prices, at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying prices determined at the time of sale, or at negotiated prices.

The selling security holders may use any one or more of the following methods when disposing of shares or interests therein:

ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;

block trades in which the broker-dealer will attempt to sell the shares as agent, but may position and resell a portion of the block as principal to facilitate the transaction;

purchases by a broker-dealer as principal and resale by the broker-dealer for its account;

an exchange distribution in accordance with the rules of the applicable exchange;

privately negotiated transactions;

short sales effected after the date the registration statement of which this Prospectus is a part is declared effective by the SEC;

through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;

broker-dealers may agree with the selling stockholders to sell a specified number of such shares at a stipulated price per share;

a combination of any such methods of sale; and

any other method permitted by applicable law.

The selling security holders may, from time to time, pledge or grant a security interest in some or all of the shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of common stock, from time to time, under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending the list of selling stockholders to include the pledgee, transferee or other successors in interest as selling security holders under this prospectus. The selling security holders also may transfer the shares of common stock in other circumstances, in which case the transferees, pledgees, or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

In connection with the sale of our common stock or interests therein, the selling security holders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the common stock in the course of hedging the positions they assume. The selling security holders may also sell shares of our common stock short and deliver these securities to close out their short positions, or loan or pledge the common stock to broker-dealers that in turn may sell these securities. The selling security holders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented

or amended to reflect such transaction).

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The aggregate proceeds to the selling security holders from the sale of the common stock offered by them will be the purchase price of the common stock less discounts or commissions, if any. Each of the selling security holders reserves the right to accept and, together with their agents from time to time, to reject, in whole or in part, any proposed purchase of common stock to be made directly or through agents. We will not receive any of the proceeds from this offering.

The selling security holders also may resell all or a portion of the shares in open market transactions in reliance upon Rule 144 under the Securities Act of 1933, as amended, provided that they meet the criteria and conform to the requirements of that rule.

Any underwriters, broker-dealers, or agents that participate in the sale of the common stock or interests therein may be underwriters within the meaning of Section 2(11) of the Securities Act. Any discounts, commissions, concessions, or profit they earn on any resale of the shares may be underwriting discounts and commissions under the Securities Act.

To the extent required, the shares of our common stock to be sold, the names of the selling security holders, the respective purchase prices and public offering prices, the names of any agent, dealer, or underwriter, any applicable commissions or discounts with respect to a particular offer will be set forth in an accompanying prospectus supplement or, if appropriate, a post-effective amendment to the registration statement that includes this prospectus.

In order to comply with the securities laws of some states, if applicable, the common stock may be sold in these jurisdictions only through registered or licensed brokers or dealers. In addition, in some states the common stock may not be sold unless it has been registered or qualified for sale or an exemption from registration or qualification requirements is available and is complied with.

We have advised the selling security holders that the anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of shares in the market and to the activities of the selling security holders and their affiliates. In addition, to the extent applicable we will make copies of this prospectus (as it may be supplemented or amended from time to time) available to the selling security holders for the purpose of satisfying the prospectus delivery requirements of the Securities Act. The selling security holders may indemnify any broker-dealer that participates in transactions involving the sale of the shares against certain liabilities, including liabilities arising under the Securities Act.

We have agreed to indemnify the selling security holders against liabilities, including liabilities under the Securities Act and state securities laws, relating to the registration of the shares offered by this prospectus.

We have agreed with the selling security holders to keep the registration statement of which this prospectus constitutes a part effective until the earlier of (1) such time as all of the shares covered by this prospectus have been disposed of pursuant to and in accordance with the registration statement or (2) the date on which the shares may be sold without restriction pursuant to Rule 144 of the Securities Act.

### **DESCRIPTION OF SECURITIES**

Our authorized capital consists of 250,000,000 shares of common stock, \$0.001 par value per share, of which 13,682,673 shares of common stock were issued and outstanding as of October 31, 2010. The following description is a summary and is qualified in its entirety by our Amended and Restated Articles of Incorporation and Bylaws as currently in effect.

#### **Common Stock**

Each holder of common stock is entitled to receive ratable dividends, if any, as may be declared by the Board of Directors out of funds legally available for the payment of dividends. As of the date of this prospectus, we have not paid any dividends on our common stock, and none are contemplated in the foreseeable future. We anticipate that all earnings that may be generated from our operations will be used to finance our growth.

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Holders of common stock are entitled to one vote for each share held of record. There are no cumulative voting rights in the election of directors. Thus the holders of more than 50% of the outstanding shares of common stock can elect all of our directors if they choose to do so.

The holders of our common stock have no preemptive, subscription, conversion or redemption rights. Upon our liquidation, dissolution or winding-up, the holders of our common stock are entitled to receive our assets pro rata.

**Warrants**

This registration statement does not register the resale of the warrants, but does register for resale the shares of common stock issuable upon exercise of the warrants.

The warrant provides that the warrant exercise price is subject to adjustment from time to time if we (i) pay a stock dividend or otherwise make a distribution or distributions on shares of our common stock or any other equity or equity equivalent securities payable in shares of common stock, (ii) subdivide outstanding shares of common stock into a larger number of shares, (iii) combine (including by way of reverse stock split) outstanding shares of common stock into a smaller number of shares or (iv) issue by reclassification of shares of the common stock any shares of our capital stock. For example, if we were to conduct a 4-for-1 stock split such that each outstanding share became four shares of common stock, the exercise price of the warrant would be reduced to one-quarter of the exercise price in effect immediately prior to the stock split and the number of shares acquirable upon a subsequent exercise of the warrant shall be multiplied by four.

**Transfer Agent and Registrar**

The Transfer Agent and Registrar for our common stock is Continental Stock Transfer & Trust Company, 17 Battery Place, 8th Floor, New York, New York 10004.

**LEGAL MATTERS**

Certain legal matters in connection with the offering and the validity of the common stock offered by this prospectus was passed upon by Snell & Wilmer L.L.P., Costa Mesa, California.

**EXPERTS**

The consolidated financial statements of CryoPort, Inc. as of March 31, 2010 and 2009 and for the years then ended, included in this prospectus, have been audited by KMJ Corbin & Company LLP, an independent registered public accounting firm, as stated in their report appearing herein, and elsewhere in the registration statement, and have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

**WHERE YOU CAN FIND MORE INFORMATION**

We are required to comply with the information and periodic reporting requirements of the Exchange Act, and, in accordance with the requirements of the Exchange Act, will file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information will be available for inspection and copying at the regional offices, public reference facilities and internet site of the SEC referred to below.

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We filed with the SEC a registration statement on Form S-1 under the Securities Act for the common stock and warrants to be sold in this offering. This prospectus does not contain all of the information in the registration statement and the exhibits and schedules that were filed with the registration statement. For further information with respect to the common stock, warrants and us, we refer you to the registration statement and the exhibits and schedules that were filed with the registration statement. Statements made in this prospectus regarding the contents of any contract, agreement or other document that is filed as an exhibit to the registration statement are not necessarily complete, and we refer you to the full text of the contract or other document filed as an exhibit to the registration statement.

A copy of the registration statement and the exhibits and schedules that were filed with the registration statement may be inspected without charge at the public reference facilities maintained by the SEC, 100 F Street, Washington, DC 20549. Copies of all or any part of the registration statement may be obtained from the SEC upon payment of the prescribed fee. Information regarding the operation of the public reference rooms may be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the site is <http://www.sec.gov>.

You can find more information about us on our website, which is located at <http://www.cryoport.com>.

**DISCLOSURE OF COMMISSION POSITION ON INDEMNIFICATION FOR  
SECURITIES ACT LIABILITIES**

Under the Nevada General Corporation Law and our Articles of Incorporation, as amended, our directors will have no personal liability to us or our stockholders for monetary damages incurred as the result of the breach or alleged breach by a director of his duty of care. This provision does not apply to the directors (i) acts or omissions that involve intentional misconduct or a knowing and culpable violation of law, (ii) acts or omissions that a director believes to be contrary to the best interests of the corporation or its stockholders or that involve the absence of good faith on the part of the director, (iii) approval of any transaction from which a director derives an improper personal benefit, (iv) acts or omissions that show a reckless disregard for the director's duty to the corporation or its stockholders in circumstances in which the director was aware, or should have been aware, in the ordinary course of performing a director's duties, of a risk of serious injury to the corporation or its stockholders, (v) acts or omissions that constituted an unexcused pattern of inattention that amounts to an abdication of the director's duty to the corporation or its stockholders, or (vi) approval of an unlawful dividend, distribution, stock repurchase or redemption. This provision would generally absolve directors of personal liability for negligence in the performance of duties, including gross negligence.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

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**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

**CryoPort, Inc.**

**Consolidated Financial Statements**

**March 31, 2010 and 2009**

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**Consolidated Financial Statements**

**September 30, 2010 and 2009**

**(Unaudited)**

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<u>Unaudited Consolidated Statements of Operations for the three and six months ended September 30, 2010 and 2009</u>	F-42
<u>Unaudited Consolidated Statements of Cash Flows for the six months ended September 30, 2010 and 2009</u>	F-43
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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors of  
CryoPort, Inc.

We have audited the accompanying consolidated balance sheets of CryoPort, Inc. (the Company ) as of March 31, 2010 and 2009, and the related consolidated statements of operations, stockholders' deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CryoPort, Inc. at March 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the consolidated financial statements, management adopted a new accounting policy for derivative instruments in fiscal 2010.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has incurred recurring losses and negative cash flows from operations since inception. Although the Company has working capital of \$1,994,934 and cash and cash equivalents balance of \$3,629,886 at March 31, 2010, management has estimated that cash on hand, which include proceeds from the offering received in the fourth quarter of fiscal 2010, will only be sufficient to allow the Company to continue its operations only into the second quarter of fiscal 2011. These matters raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

/s/ KMJ Corbin & Company LLP

Costa Mesa, California

June 21, 2010

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**CRYOPORT, INC.  
CONSOLIDATED BALANCE SHEETS**

	March 31,	
	2010	2009
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,629,886	\$ 249,758
Restricted cash	90,404	101,053
Accounts receivable, net of allowances of \$1,500 in 2010 and \$600 in 2009	81,036	2,546
Inventory		530,241
Other current assets	104,014	170,399
 Total current assets	 3,905,340	 1,053,997
Property and equipment, net	559,241	189,301
Intangible assets, net	311,965	264,364
Deferred financing costs		3,600
Deposits and other assets		61,294
 Total assets	 \$ 4,776,546	 \$ 1,572,556

**LIABILITIES AND STOCKHOLDERS DEFICIT**

Current liabilities:		
Accounts payable	\$ 823,653	\$ 218,433
Accrued compensation and related expenses	312,002	206,180
Accrued warranty costs		18,743
Convertible notes payable, net of discount of \$13,586 in 2009		46,414
Current portion of convertible debentures payable and accrued interest, net of discount of \$0 in 2010 and \$662,583 in 2009	200,000	3,836,385
Line of credit and accrued interest	90,388	90,310
Current portion of related party notes payable	150,000	150,000
Current portion of note payable to former officer		90,000
Derivative liabilities	334,363	
Other accrued expenses		90,547
 Total current liabilities	 1,910,406	 4,747,012
Related party notes payable and accrued interest, net of current portion	1,478,256	1,533,760
Note payable to former officer and accrued interest, net of current portion		67,688
Convertible debentures payable, net of current portion and discount of \$728,109 in 2010 and \$2,227,205 in 2009, respectively	2,302,459	
 Total liabilities	 5,691,121	 6,348,460
 Commitments and Contingencies		
Stockholders' deficit:		
Common stock, \$0.001 par value; 250,000,000 shares authorized; 8,136,619 and 4,186,194 shares issued and outstanding at March 31, 2010 and 2009, respectively	8,137	4,186

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Additional paid-in capital	45,021,097	25,854,265
Accumulated deficit	(45,943,809)	(30,634,355)
Total stockholders' deficit	(914,575)	(4,775,904)
Total liabilities and stockholders' deficit	\$ 4,776,546	\$ 1,572,556

See accompanying notes.

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**CRYOPORT, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

	<b>Years Ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
Revenues	\$ 117,956	\$ 35,124
Cost of revenues	717,710	546,152
Gross loss	(599,754)	(511,028)
Costs and expenses:		
Selling, general and administrative	3,312,635	2,387,287
Research and development	284,847	297,378
Total costs and expenses	3,597,482	2,684,665
Loss from operations	(4,197,236)	(3,195,693)
Other (expense) income:		
Interest income	8,164	32,098
Interest expense	(7,028,684)	(2,693,383)
Loss on sale of property and equipment	(9,184)	
Loss on extinguishment of debt		(10,846,573)
Change in fair value of derivative liabilities	5,576,979	
Total other expense, net	(1,452,725)	(13,507,858)
Loss before income taxes	(5,649,961)	(16,703,551)
Income taxes	1,600	1,600
Net loss	\$ (5,651,561)	\$ (16,705,151)
Net loss per common share, basic and diluted	\$ (1.13)	\$ (4.05)
Basic and diluted weighted average common shares outstanding	5,011,057	4,123,819

See accompanying notes.

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**CRYOPORT, INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS DEFICIT**

	<b>Common Stock</b>		<b>Additional Paid-in Capital</b>	<b>Accumulated Deficit</b>	<b>Total Stockholders Deficit</b>
	<b>Shares</b>	<b>Amount</b>			
Balance at March 31, 2008	40,928,225	40,929	13,888,094	(13,929,204)	(181)
Adjust beginning balance for reverse stock split effected in February 2010	(36,835,402)	(36,836)	36,836		
Issuance of common stock for conversion of convertible debentures including accrued interest	3,890	4	5,442		5,446
Cancellation of common stock issued for debt principal reduction	(14,014)	(14)	(117,706)		(117,720)
Issuance of common stock for extinguishment of debt	40,000	40	163,960		164,000
Change in fair value of warrants issued in connection with debt modifications			9,824,686		9,824,686
Issuance of common stock to consultants	40,224	40	249,062		249,102
Exercise of stock options and warrants for cash	8,269	8	3,299		3,307
Cashless exercise of warrants	15,002	15	(15)		
Debt discount related to convertible debentures			991,884		991,884
Share-based compensation related to stock options and warrants issued to consultants, employees and directors			808,723		808,723
Net loss				(16,705,151)	(16,705,151)
Balance at March 31, 2009	4,186,194	4,186	25,854,265	(30,634,355)	(4,775,904)
Cumulative effect related to adoption of new accounting principle			(4,217,730)	(9,657,893)	(13,875,623)
Issuance of common stock for conversion of convertible notes payable including accrued interest	519,186	519	1,459,682		1,460,201
Issuance of common stock for conversion of convertible debentures and accrued interest	1,236,316	1,237	4,267,446		4,268,683
Reclassification of derivative liability to additional paid-in capital upon conversion of			2,728,459		2,728,459

convertible notes and debentures						
Reclassification of derivative liability to additional paid-in capital upon effectively fixing conversion feature and warrant price			9,009,329			9,009,329
Estimated fair value of warrants issued as commission for debt financing			63,396			63,396
Issuance of common stock for services	33,490	33	166,061			166,094
Exercise of warrants for cash, net	479,033	479	1,359,989			1,360,468
Cashless exercise of warrants and stock options	15,753	16	(16)			
Issuance of units in public offering, net of offering costs of \$1,257,904	1,666,667	1,667	3,740,430			3,742,097
Share-based compensation related to stock options and warrants issued to consultants, employees and directors			589,786			589,786
Fractional share adjustment for stock split	(20)					
Net loss				(5,651,561)		(5,651,561)
Balance at March 31, 2010	8,136,619	\$ 8,137	\$ 45,021,097	\$ (45,943,809)		\$ (914,575)

See accompanying notes.

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**CRYOPORT, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Years Ended March 31,</b>	
	<b>2010</b>	
	<b>2010</b>	<b>2009</b>
<b>OPERATING ACTIVITIES</b>		
Net loss	\$ (5,651,561)	\$ (16,705,151)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	150,093	81,984
Amortization of deferred financing costs	159,516	42,284
Amortization of debt discount	6,417,346	2,223,116
Stock issued to consultants	166,094	249,102
Fair value of stock options and warrants issued to consultants, employees and directors	865,895	699,467
Change in fair value of derivative instruments	(5,576,979)	
Loss on extinguishment of debt		10,846,573
Loss on sale of assets	9,184	
Loss on disposal of Cryogenic shippers	21,285	
Interest accrued on restricted cash	649	(6,227)
Changes in operating assets and liabilities:		
Accounts receivable, net	(78,490)	18,865
Inventory	81,012	(408,289)
Prepaid expenses and other assets	(50,219)	7,329
Accounts payable	300,454	(15,865)
Accrued expenses	(90,547)	(8,101)
Accrued warranty costs	(18,743)	(11,250)
Accrued compensation and related expense	105,822	68,077
Accrued interest	335,830	331,616
Net cash used in operating activities	(2,853,359)	(2,586,470)
<b>INVESTING ACTIVITIES</b>		
Decrease in restricted cash	10,000	108,844
Purchases of intangibles	(116,948)	(49,781)
Purchases of property and equipment	(31,926)	(58,578)
Net cash (used in) provided by investing activities	(138,874)	485
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of common stock, net of cash paid for issuance costs	4,046,863	
Proceeds from borrowings under convertible notes	1,321,500	1,122,500
Repayment of convertible debt		(117,720)
Repayment of line of credit		(25,500)
Repayment of deferred financing costs	(92,520)	(191,875)
Repayment of notes payable		(12,000)
Payment of related party notes payable	(120,000)	(120,000)
Repayments of note payable to officer	(143,950)	(54,000)
Payment of fees associated with the exercise of warrants	(76,632)	

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Proceeds from exercise of options and warrants	1,437,100	3,307
Net cash provided by financing activities	6,372,361	604,712
Net change in cash and cash equivalents	3,380,128	(1,981,273)
Cash and cash equivalents, beginning of year	249,758	2,231,031
Cash and cash equivalents, end of year	\$ 3,629,886	\$ 249,758

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**CRYOPORT, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)**

	<b>Years Ended March 31,</b>	
	<b>2010</b>	
	<b>2010</b>	<b>2009</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for:		
Interest	13,875	95,360
Income taxes	1,600	800
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES:</b>		
Offering costs in connection with equity financing	\$ 304,766	\$
Deferred financing costs in connection with convertible debt financing and debt modifications	\$	\$ 3,600
Warrants issued as deferred financing costs in connection with convertible debt financing	\$	\$ 117,530
Purchase of intangible assets with warrants	\$	\$ 232,964
Debt discount in connection with convertible debt financing	\$ 1,080,201	\$ 1,263,586